Daily Report

Latin America

FBIS-LAT-94-220
Tuesday
15 November 1994

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Colombia Seeks Regional Plan on Money Laundering

PA1011205794 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 9 Nov 94

[Report by Jairo Gomez; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] The International Summit Against Money Laundering began today in Sante Fe de Bogota. A Colombian proposal to some 20 countries attending the summit is serious, but could be very controversial.

Colombia wants the Latin American and Caribbean nations to make a joint proposal regarding the struggle against money laundering to the Summit of the Americas, to be held in December in the United States.

Colombia proposes lifting bank secrecy to combat such crimes as drug trafficking, terrorism, fraud, arms trafficking, among other crimes.

[Begin Foreign Minister Rodrigo Pardo recording] We cannot propose cooperation that is not reciprocal. If we want to effectively succeed in this struggle, we must all contribute our share. [end recording]

Although approximately 30 countries, gathered here in Bogota today, know that this proposal will not please the United States, or countries such as Panama—whose stability depends on banking secrecy—they do expect to design an integral strategy to fight money laundering, which benefits drug trafficking.

The proposal that Colombia will take to the Summit of the Americas in the United States will serve as a warning that the reponsibility of the struggle against drug trafficking must not be concentrated in one country alone.

Countries Agree on Joint Action

PA1311014694 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Nov 94

[From the "24 Hours Newscast"]

[FBIS Translated Text] Twenty countries agreed today on joint actions against the laundering of drug trafficking money and other illegal activities. A general plan will be presented at the Summit of the Americas to be held in Miami in a month.

The Inter-American Convention, which was proposed by Colombia and which the OAS will host during the coming Summit of the Americas, will define the crime of money laundering, including not only drug trafficking but other illegal sources as well:

[Begin Colombian Justice Minister Nestor Humberto Martinez Neira recording] The idea is to create Inter-American legislation to control not only the flow of capital but the flow of commerce originated money as well, because money is being laundered on the continent through the sale of goods such as cigarettes, liquor, textiles, and home appliances. [end recording]

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Cuba

Recent Events at Guantanamo Reviewed

FL1411235994 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 14 Nov 94

[Report on JUVENTUD REBELDE article by Luis Baez Delgado: "Results of Mistakes," from the "NTV" newscast]

[FBIS Translated Text] The serious events that took place during the first few days of November at Guantanamo Naval Base are more than a mere coincidence or the responsibility of one person alone. The facts that two months after the signing of the New York migration accord, and that Cuba and the United States have expressed agreement that those at Guantanamo Naval Base who wish to return voluntarily to [word indistinct] do so through diplomatic channels, catches this correspondent's eye, as do the facts that normal flights have been banned and that it does not matter that General Raymon Ayres created conditions for 728 nonconformists to escape, resulting in the mutilation or death of these people.

This correspondent considers these actions a clear example of forces within U.S. society that are trying to create incidents to hinder the measures the U.S. Government is implementing and should increase to comply with the New York accord. He adds that the people who are currently at the Guantanamo Naval Base are not exactly communists and are being enticed to die in the minefields. The correspondent recalls that it was not Cuba that for dozens of years encouraged illegal departures, and that it is not Cuba that maintains a strangling economic policy against another country. It has not been Cuba that has stimulated or politicized immigration. Cuba does not illegally occupy foreign [words indistinct], nor is it Cuba that converted that area into a concentration camp for rafters. The article reminds us that on 24 August, a date much earlier than these incidents, Commander in Chief Fidel Castro stated:

They have enough space, enough territory in the United States to sanction anyone who violates their laws. They do not have to go to some other country's territory to establish a concentration camp, which is an illegal measure.

Fidel added: Many Cubans have been educated at length that violating U.S. laws meant being received in that country with full honors. What has been created over 36 years cannot be dismantled in three days. I think it is a mistake to use the Guantanamo Naval Base to create complications and difficulties.

A result of that mistake are these events. We only hope that the people who were taken in by deceit and seduction will not have to pay with their lives.

That is how Luis Baez concludes his article.

UN Official Cited on Repatriation of Haitians

FL1111185794 Havana Radio Progreso Network in Spanish 1200 GMT 11 Nov 94

[From the "First Thing" program]

[FBIS Translated Text] Luis Varesa, the UNHCR representative, has said that the voluntary repatriation of 445 Haitian refugees who had arrived in Cuba in boats between April and August concluded successfully on 10 November.

International Solidarity Meeting Set for 21-25 Nov

PA1411193094 Havana PRENSA LATINA in Spanish 2208 GMT 12 Nov 94

[Report by Javier Rodriguez]

[FBIS Translated Text] Havana, 12 Nov (PL)—The upcoming International Cuban Solidarity Meeting, which will begin in this capital on 21 November, will host participants who maintain various political and ideological beliefs, but all of them are united by their support for the island, one of the organizers said today.

In interview with PRENSA LATINA, Luis Morejon, vice president of the Cuban Institute of Friendship with Peoples (ICAP), explained that some 2,700 participants are expected to attend this solidarity meeting, but no one will be asked to agree with all of Cuba's opinions and decisions.

There even will be those who support Cuba's right to its self-determination and independence without agreeing with the island's socialist projects or with the decisions made in our country, because we never tell them how to express their solidarity, he said.

The ICAP is one of the 52 signatories of the invitation to the meeting, which will be held in Havana between 21 and 25 November and which will be attended by organizations such as the Central Organization of Workers, private farmers, the Cuban Ecumenical Council, the Yoruba Association, and Spanish residents.

This wide variety of groups attending the meeting responds to Cuba's reality and to the principle of pluralism that prevails in the country, where we are united by the desire to favorably develop a just society, Morejon said.

The vice president of the ICAP said he is pleased with the favorable reactions to the invitation and in this regard he confirmed the attendance of representatives from 106 countries, 33 of them from Latin America and the Caribbean.

Among the participants there will be a delegation of Dominican, Mexican, Chilean, Bolivian, and Panamanian parliamentarians.

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The vice president of the Paraguayan Senate will also make the trip and more participants are continuously being accepted, he pointed out.

More than 1,000 people from Latin America and the Caribbean, representing themselves or different organizations, will be present. Representing Cuba will be prominent individuals from the cultural, political, sports, and nongovernment organizations.

Two Nobel Prize winners, Adolfo Perez Esquivel of Argentina and Wole Soyinka of Nigeria, already have confirmed their attendance, as well as former presidents Daniel Ortega of Nicaragua and Carlos Julio Arosemena of Ecuador. Also attending will be Cuauhtemoc Cardenas of Mexico and Clodomiro Almeyda of Chile.

Morejon said the meeting will be held at two sites: Karl Marx Theater, where the plenary sessions will be held, and the Havana Convention Center, where the working commissions will meet.

The working commissions will discuss topics such as the trade and economic blockade, the slander and libel campaigns, and ways to spread the truth about Cuba, as well as the exchange of ideas and experiences in performing solidarity work.

Cuban Vice President Carlos Lage, National Assembly President Ricardo Alarcon, and Foreign Minister Roberto Robaina will make a special presentation to inform the participants about the fundamental aspects of the country's situation and will provide important details for an overall debate.

Asked about the reasons for the massive support given to this solidarity movement, Morejon said one of the reasons is the blockade's flagrant human rights violation and the unfair U.S. actions against the people of the Antillean island.

As an expression of the participants' determination to help the small country under siege, the vice president of the ICAP noted that each participant at the meeting will pay for all of his expenses, including national and international transportation expenses, lodging, and meals.

The international meeting will be held just prior to the hemispheric summit convened in the city of Miami by U.S. President Bill Clinton, in which Cuba has been specifically excluded.

I imagine the representation of those attending the Havana meeting will demonstrate that Cuba is not alone and isolated as the United States has tried to portray by not inviting the island to Miami, Morejon said.

Dominican Delegation To Attend

FL1111151794 Havana Radio Rebelde Network in Spanish 0000 GMT 11 Nov 94

[From the "Exclusive" program]

[FBIS Translated Excerpt] [passage omitted] Rafael Taveras, deputy of the Dominican Republic's democratic consensus movement, said that a Dominican legislative delegation will participate in the international meeting on solidarity with Cuba in Havana in a few days.

Dominican Deputies Ask U.S. To Lift Blockade

FL1111132994 Havana Radio Progreso Network in Spanish 1200 GMT 11 Nov 94

[From the "First Thing" program]

[FBIS Translated Text] The Dominican Chamber of Deputies on 10 November unanimously approved a resolution asking that the United States lift the blockade of Cuba.

Guatemala's URNG Decries Army's Role in Strike

PA1211025994 Havana PRENSA LATINA in Spanish 0207 GMT 12 Nov 94

[FBIS Translated Text] Mexico City, 11 Nov (PL)—Guatemala's National Revolutionary Unity [URNG] today warned of an imminent large-scale social explosion in that Central American nation because of the grave situation facing its working class.

In a communique published here today, the URNG General Command said President Ramiro de Leon Carpio's action giving the Army absolute powers was very irresponsible.

According to the URNG, instead of implementing effective measures in response to the needs and minimum demands from grass-root sectors, the government has fostered a wave of repression.

The government's erratic economic policy, the absence of actions to benefit the people, and repressive actions will lead to a social explosion of unpredictable consequences unless urgent steps are taken in favor of the national majorities, the URNG stressed in its declaration.

Costa Rica's Figueres Opposes Proposition 187

PA1311000694 Havana PRENSA LATINA in Spanish 2245 GMT 12 Nov 94

[FBIS Translated Text] San Jose, 12 Nov (PL)—Costa Rican President Jose Maria Figueres stated his opposition today to the U.S. state of California's Proposition 187, which prohibits illegal immigrants from receiving public health services and education.

I could never agree with a proposal such as this one, which I consider discriminatory, because it prevents thousands of people from having access to the basic services for human existence, he said.

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The president asked himself how it is possible for such a law to be enacted under the current political circumstances, in which he said dialogue and understanding should prevail as ways of resolving differences among states.

He said the proposition, which was approved by the state this week, undermines progess because more than 1 million illegal immigrants living in the state of California will be left unprotected.

Customs Cooperation Accord Signed With Jamaica

FL1111020494 Havana Radio Reloj Network in Spanish 2058 GMT 10 Nov 94

[FBIS Translated Text] In Kingston, Customs officials from Cuba and Jamaica have endorsed a letter of intent for bilateral cooperation with the objective of establishing channels for information exchange. Orlando Bello, chief of general customs of Cuba, and (Harold Hemans), vice minister of finance, signed the agreement establishing cooperation at the highest level of Customs operations.

Since Cuba joined the regional Council for the Application of Customs Laws, it has entered into cooperation agreements with a total of 11 nations in the Caribbean. This will improve knowledge of international methods and measures of detecting and combating customs fraud.

PRC Delegation Ends Visit, Departs for Honduras

PA1011195194 Havana PRENSA LATINA in Spanish 2125 GMT 9 Nov 94

[FBIS Translated Text] Havana, 9 Nov (PL)—The delegation of Chinese lawmakers who visited Cuba left today after following a broad agenda of meetings with local authorities. The delegation, headed by Zhu Liang, chairman of the Foreign Affairs Committee of the Asian nation's National People's Congress, left for Honduras to continue its visit to Latin America.

The Chinese mission was in Cuba from 5 November and met with Ricardo Alarcon, president of the National Assembly of the People's Government, and Foreign Minister Roberto Robaina. The Chinese visitors also met with Foreign Trade Minister Ricardo Cabrisas and Jose Luis Rodriguez, minister president of the State Committee for Finance. Before leaving, Zhu said the visit allowed him to better understand the situation in Cuba and the economic transformations taking place, something that contributes to promoting an effective cooperation in the areas of commerce and the economy in general.

Military Delegation Pays Visit to Hanoi

FL0911014494 Havana Radio Rebelde Network in Spanish 1800 GMT 8 Nov 94

[From the "National Radio News"]

[FBIS Translated Text] A Cuban military delegation, headed by Division General Ulises Rosales del Toro, first vice minister of the Revolutionary Armed Forces, arrived in Hanoi, Vietnam, on 8 November for an official and friendly visit.

Rosales del Toro will meet with officials of the Vietnamese Defense Ministry and the Communist Party of Vietnam [CPV]. He is expected to meet with CPV Secretary General Do Muoi, and Vietnamese Prime Minister Vo Van Kiet.

Delegation Satisfied With Talks

FL1111185494 Havana Radio Rebelde Network in Spanish 1000 GMT 11 Nov 94

[From the "Doing Radio" program]

[FBIS Translated Excerpt] [passage omitted] Delegation members said that they were satisfied with the first round of talks with Vietnamese authorities from different sectors of society in Hanoi yesterday.

Vietnam Seen As Model

PA1311001394 Madrid EFE in Spanish 1046 GMT 11 Nov 94

[FBIS Translated Excerpt] Hanoi, 11 Nov (EFE)—[passage omitted] Although the true reason for the visit [of the Cuban delegation] has not been disclosed and given that the Cuban delegation is comprised by one general and seven colonels, Western observers believe the Cuban military members came to learn from Vietnam, which is scoring wins by embracing an open capitalist market.

The visit of Rosales, who is also a member of the Politburo of the Cuban Communist organization, is taking place at a time when there are significant differences between the two allied nations.

While the Vietnamese reforms are progressing at full speed, with an 8.5 percent-increase in the gross national product and better prospects after the lifting of the U.S. economic embargo in February, the Cubans are just beginning to give signs of opening. Nevertheless, they claim they are still being choked by the U.S. embargo.

Cuba accepted the validity of the Chinese and Vietnamese models only until 1993. These are two of the three members of the "mini" socialist "bloc" of Asia, together with orthodox North Korea.

Havana admitted the free circulation of the dollar after it stepped up its own process in the past months and reopened the door of a market economy in agriculture. It has also just broadened the range for light industry and the trade in handicrafts.

According to Western diplomats stationed in Hanoi, the mission of General Rosales and his delegation could be

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related to some type of military cooperation, although of a very limited aspect, given the enormous distance separating the two nations.

According to the sources, the Vietnamese Defense Ministry has had encouraging results in economic circles, particularly in businesses in the tourism industry, which make the state's general budgets less difficult.

Vietnamese military members assume duties as hotel managers, tour operators, and even tour guides in companies that count on the blessing and support of the generals and the leaders.

According to sources consulted by EFE, the experience can be of interest to Cuba, a tourist island par excellence, and it is already counting on big investments by Spain, Mexico, Canada, and Germany in the hotel sector according to reports from Havana.

Leader Meets Vo Van Kiet

FL1211031394 Havana Radio Rebelde Network in Spanish 0000 GMT 12 Nov 94

[From the "Exclusive" program]

[FBIS Translated Text] Today in Hanoi, Vietnamese Prime Minister Vo Van Kiet met with Division General Ulises Rosales del Toro, first vice minister of the Revolutionary Armed Forces [FAR] and head of the General Staff. The head of the Vietnamese Government stated that in midst of the current international situation both nations should be more united than ever. Rosales del Toro expressed appreciation to the Vietnamese party, government, and people for their solidarity with Cuba. Rosales del Toro also gave several Vietnamese officers decorations awarded by the Cuban Council of State.

Roundup of Politburo Members' Activities

FL1511000094

[Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Central Committee of the Communist Party of Cuba monitored between 30 September and 14 November. Carlos Lage chaired a meeting of the Education Ministry in which he emphasized the revolutionary feeling and support that the 250,000 Cuban teachers evidence in their daily work. Also participating in the meeting was Education Minister Luis Ignacio Gomez, who stated that over 85 percent of Cuba's teachers have remained teaching despite low salaries and other difficulties. (Havana Radio Rebelde Network in Spanish 2300 GMT 30 Sep 94)

Ricardo Alarcon gave the opening lecture on the situation in Europe at the University of Havana in Havana City. The university's Center for European Studies is holding its second international workshop, which is scheduled to conclude on 6 October. The debates center on the current political, economic, and social situation in Europe. Several international specialists will participate. (Havana Radio Reloj Network in Spanish 1930 GMT 3 Oct 94)

Abel Prieto took part in the ceremony unveiling a bust of Mohandas Gandhi on the occasion of the 125th anniversary of his birth. The bust was placed in the park at Fifth and Twenty-Sixth Avenues in Havana City. Other authorities participating in the event were Rajendra Singh Rathore, India's ambassador to Cuba; Isabel Allende, Cuban deputy foreign minister; Eusebio Leal, Cuban historian; and other Cuban luminaries. Gandhi's achievements were listed by Rajendra Singh Rathore and Eusebio Leal. (Havana Radio Rebelde Network in Spanish 2300 GMT 3 Oct 94)

Jose Ramon Machado Ventura presided over a meeting in Holguin, which analyzed the functions of the People's Governments. (Havana Radio Reloj Network in Spanish 1949 GMT 5 Oct 94)

Candido Palmero participated on 8 October in a ceremony marking the nationwide induction of 70,000 students into the Jose Marti Pioneers Organization. The ceremony was held at the Martyrs Mausoleum in Artemisa Municipality. Education Minister Luis Ignacio Gomez, and Pioneers Organization President Enid Alen Prieto were also in attendance. (Havana Radio Rebelde Network in Spanish 1700 GMT 8 Oct 94)

Esteban Lazo participated in the 126th anniversary of the Majagua uprising, held in Havana City's museum. Eusebio Leal, Havana City's historian, highlighted Carlos Manuel de Cespedes' courage in facing Spain's rule and provided a brief synopsis of the 10-year war. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 9 Oct 94)

Ulises Rosales Del Toro placed a wreath on the grave of Carlos Manuel de Cespedes in a ceremony commemorating the wars of independence in Bauta Municipality, Havana, on 10 October. Leaders and members of the Union of Young Communists were also in attendance. (Havana Radio Reloj Network in Spanish 2030 GMT 10 Oct 94)

Ricardo Alarcon and Esteban Lazo attended a cultural performance commemorating the wars of independence at Raul Cespedo Bonilla Primary School in Diez de Octubre Municipality, Havana, on 10 October. (Havana Radio Reloj Network in Spanish 2100 GMT 10 Oct 94)

Rosales Del Toro and Maria de Los Angeles Garcia participated in the ceremony hosted by the National Bureau of the Union of Young Communists, in observance of the anniversary of the wars of independence, at the Antonio Maceo Monument Complex in San Pedro de Punta Brava. (Havana Tele Rebelde and Cuba Vision Network in Spanish 0100 GMT 11 Oct 94)

Jose Ramon Balaguer Cabrera, Politburo member, participated in the inauguration of the Carlos Manuel de Cespedes contingent of Bayamo in Granma Province,

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which will tend approximately 100 plantain caballericas, with 1,300 workers. (Havana Radio Rebelde 1800 GMT 11 Oct 94)

Jose Ramon Balaguer Cabrera, Politburo member, during a visit to Bayamo in Granma Province, stressed the need for integration among research centers, higher education institutes, and the agricultural sectors, to be able to satisfy the food demand. (Havana Radio Progreso 1200 GMT 14 October)

Jose Ramon Machado Ventura and Div. Gen. Julio Casas Regueiro, members of the Politburo, on 14 October, chaired a ceremony in commemoration of the 35th anniversary of the Ministry of the Revolutionary Armed Forces [Minfar], with the participation of officers of the Armed Forces. (Havana Tele Rebelde and Cuba Vision Networks 0100 GMT 15 October)

Division General Leopoldo Cintra Frias and Candido Palmero participated in Defense Day activities in Havana Province. During a tour of the province they visited training sites in Guira de Melena and Batabano Municipalities, and paid homage to Camilo and Che. The most important task in Havana Province is encouraging productiveness in the sugarcane and tobacco harvests, and developing exercises to strengthen defense readiness. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 17 Oct 94)

Pedro Ross Leal participated in the closing session of the fourth Merchant, Ports, and Fishing Workers Union Congress which concluded today in Havana. Ross stressed that all the talent and courage of the day must be put to use to improve production, the economy, and workers' welfare programs. Jose Luis Justo Villamil was appointed the union's general secretary. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 18 Oct 94)

Candido Palmero participated in the analysis of the forthcoming sugarcane harvest by the Communist Party of Cuba's provincial plenum in Havana Province. Palmero stated that the forthcoming sugarcane harvest would be done on a step-by-step basis and that only two complexes will not be taking part in the activities. (Havana Radio Rebelde Network in Spanish 1800 GMT 22 Oct 94)

Nelson Torres met with representatives of the Basic Cooperative Production Units in Sancti Spiritus Province. Torres stated that the old conceptions of farms and districts should be replaced and that the cooperativists should be aware that they are truly owners of what they produce. Torres also stressed the need for increased production efforts. (Havana Radio Rebelde Network in Spanish 1800 GMT 22 Oct 94)

Esteban Lazo and Jose Ramon Fernandez, vice presidents of the Councils of State and Ministers, respectively, chaired the opening meeting of the Latin American Intermunicipal Cooperation Organization in Havana's Convention Center. (Havana Radio Rebelde Network in Spanish 1800 GMT 14 Nov 94)

Minister Urges Cooperation in Fight Against Crime

PA1011201394 Havana PRENSA LATINA in Spanish 2040 GMT 8 Nov 94

[Report by Ulises Canales]

[FBIS Translated Text] Havana, 8 Nov (PL)—Cuban Justice Minister Carlos Amat today urged the industrialized nations to cooperate more with the less developed nations in the struggle against international crime, but with the greatest respect for each nation's sovereignty.

In his speech during the inaugural session of the 2d International Penal Sciences Congress which began this Tuesday [8 November] in the Palace of Conventions in Havana, Amat warned that crime is a harmful element to national economies.

Amat added that "the solutions will have to come from a general understanding of two basic principles: the need for developed countries to contribute to crime prevention with respect for each nation's sovereignty, and that technical cooperation constitutes an integral part of cooperation for development."

Amat also pointed out the urgency fore rich and poor nations not to leave the struggle against crime in the hands of isolated enterprises, because on the contrary, he stressed, it is foreseeable that in the next century this scourge will have alarming and incalculable consequences for human society.

In this regard, he called for intelligent, urgent, and crucial decisions, based upon universal, objective, and unconditional criteria.

Amat recalled that recent studies have shown that social, economic, and ethical developments are greatly harmed by international crime, drug trafficking, environmental pollution, and the plundering of the ocean's wealth, among other things.

The Cuban Minister, citing UN statistics, said that developing countries assign between 9 and 14 percent of their budgets to the fight against crime.

He said that all together, these countries invest more than $300 billion in services in the fight against crime, for which reason, to ask for independent action only from developing nations is not a justified or viable position.

In developing nations, he specified, more than 500 million people suffer hunger; more than 1 billion people live in extreme poverty; more than 1.5 billion people lack medical attention; more than 2 billion people lack a safe and stable water supply; and more than 20 million children die of malnutrition each year.

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The 2d International Penal Sciences Congress, opened by Cuban Prosecutor General Juan Escalona, will meet here until 11 November and will be attended by more than 400 delegates from approximately 20 countries.

Lage Holds ExpoCuba News Conference

FL1111234794 Havana Tele Rebelde Network in Spanish 0300 GMT 4 Nov 94

[News conference by Carlos Lage Davila, Politburo member, vice president of the Council of State, and secretary of the Executive Committee of the Council of Ministers, at the opening of the 12th Havana International Fair on 30 October; from the "This Very Day" program—recorded]

[FBIS Translated Text] [Gloria Analco, from EL EXCELSIOR] Mr. Lage, during the fair's opening address you said that every productive sector was open to foreign investments, including the sugar industry. Could you expand on this? Does this also include certain production areas tied to the education and health sectors? Also, I wanted to ask you about recent government measures such as the farmers' markets, the industrial and crafts markets: Do these measures imply an acknowledgement that the directed economy has failed? [words indistinct] the typical market economy implemented in other countries?

[Lage] We mentioned that no productive sector was excluded from foreign investment. The education and health sectors are not open to foreign investments.

In general, I will try to be as direct as possible in my answers. If I need to expand further on any issue, I will be happy to do so. But I am trying to be as brief as possible to ensure that the greatest possible number of reporters get a chance to ask questions.

I was speaking about productive sectors, including certain areas of the services sectors, for example, telecommunications. However, the health and education sectors are not open to foreign investment. We believe the state is responsible for these services to the people. In the specific case of our history, of our Revolution, these are two sectors which significantly reflect our revolutionary process. We seek to preserve, precisely, our accomplishments in health and education. We want the state to maintain and develop, with an ever increasing quality, these services for the entire population, without excluding a single citizen.

We have been endeavoring to introduce and make the necessary changes in our economic system given the truly new and different conditions we have had to face. Among those measures, we have believed it appropriate to establish farmers and industrial markets controlled by supply and demand mechanisms. We believe that under the current conditions these markets can contribute to stimulate production, develop labor forces and be part of the entire population's efforts to overcome the current situation. We have created these markets in order to continue developing. This does not mean a rejection of the directed economy system. We have not eliminated any of the existing mechanisms or organizational structures of the national economy. We have introduced, added these market mechanisms to our economic organization. We believe these markets can be useful and positive complements to stimulate production and tackle the current situation.

I mentioned in the address that we are drafting a new investment law. I cannot, nor should I, mention the ideas being considered since it has always been our policy to take the main government and party decisions, anything having to do with the people, in a collective, very collegiate manner. The law is still being drafted. Later on, in a few months, we will see the results of the process of consultation with institutions, enterprises, and individuals, friends, and foreign businessmen. We are gathering opinions. We will assimilate and analyze them, and finally will promulgate a new law. I cannot hint at what the law will contemplate because I really do not know. However, it is undoubtedly a process aimed at deepening our understanding of what has happened to date and what we must do in the future.

We are encouraging foreign investments. What was the main concept we followed? The awareness that the country was not sufficiently prepared to assimilate a broad and extensive process of foreign investment. For 35 years we developed economic relations with socialist bloc countries and worked within the context of an economy [words indistinct] market relations, organization of production and exports tied to those demands. Cuba did not have the necessary expertise to assimilate a massive influx of foreign capital. We started by acknowledging that reality. Therefore, as Cuba opened its door to foreign capital, it needed to ready itself for that process and prepare everyone, the cadres and the factory managers. It was necessary to learn the necessary skills and knowledge. It is true that the law which authorizes it was issued years ago, but it truly became a necessity and goal following the events at the end of the eighties and beginning of this decade. Therefore, it seemed to us that the intelligent thing to do was to have law giving the broadest possibilities [words indistinct] and would not become a stumbling block for foreign investments.

We need a law that would be as broad as possible to allow us to handle any type of offers which we could effectively use to [words indistinct] which will foster guarantees and security. There is no doubt that a country's laws and regulations facilitate foreign investment. We believe that we are ready to advance a little bit more thanks to the content of the Cuban regulations governing foreign investments. We had not implemented changes yet to allow for an ample infrastructure, so we could receive a larger number of offers.

As for the [passage indistinct] the sugar production, without the real estate, is an area we have proposed—during the opening speech at the fair and during previous

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work—in which we have already received offers of investment and we are analyzing the possibility of foreign investments.

As you already know, our opening to foreign investment is going through a process. We are trying to make this process as swift as possible. Each and every one of those offers is being evaluated by the corresponding enterprises or organizations. Furthermore, the enterprises have been considering each of those offers, involving the sugar industry and the investment of real estate, as we receive them and we believe that there are possiblities of establishing investments in those fields, which, to date, do not exist.

However, what we have gathered today through the offers that have been made and through the analysis that we have made, is that the possibilities exist. We have no objections, obstacles, nor reasons for blocking foreign investment in those sectors. I believe that in the same manner that investments have been made in other areas of our economy, they will be made in these sectors in the forthcoming months and years.

[Mariela Diaz, from Radio Rebelde] I would like to know if there are going to be changes in the law regulating foreign investment wihtin national markets and whether the profits of those businesses already in operation will be invested to improve the results of some industries which have had a low production of goods [words indistinct] products of all types not only in health and education?

[Lage] Your question on opening the doors to foreign businesses is a good one. In Cuba, in our social system, everything we do, this opening that we are implementing, and the investments that we are promoting are for the benefit of the people. Through these measures we do not seek to make certain sectors of the population more wealthy, nor do we seek the prosperity of businesses or businessmen. The goal of this opening [words indistinct] is a consequence of which we are aware, it is a reality. The opening of the farmers' markets will increase the prosperity of a sector of the population. The goal is not that prosperity, the goal is to benefit the people. If we invest in the telephone enterprise, we are not seeking to benefit a Cuban business, but to benefit the population—all of our people. We have concluded that foreign investment could mean the development of communications, which would benefit us all. I believe that this is the essential concept which differentiates an opening to foreign investment within a socialist system.

We can do a lot of things as part of the opening to foreign investment process. We could even do things similar to those done in a capitalist system with regard to foreign investment opportunities. The real goal of the opening we are implementing, the opportunities that we are giving, is the wellbeing of the people. Therefore, these openings [words indistinct] the national market for the people. Not only this opening, but also the goal of our efforts in agriculture, industry, and services is to benefit the national market. Cuba's efforts are aimed at benefiting national markets; that is the essential goal, to benefit all of the people.

The opening to foreign investments is part of those efforts to benefit the national market. We want to benefit the national market in an orderly and planned manner, from essential to secondary benefits, in a way in which the government can handle in a centralized and decentralized [as heard] manner, with control, the resources that Cuba can obtain through foreign investments, therby distributing and directing those resources to meet our most urgent needs. Today's most urgent need is food.

Cuba also has needs in the electric energy sector. We must make this opening in a manner which allows the government to channel the results, the benefits, of that opening to our primary needs and progressively to less essential needs. In any case, the opening and the rest of the measures implemented are aimed at benefiting the national market.

[Unidentified correspondent] It has been said that some U.S. companies have tried to contact the Cuban Government. Could you tell us their names and if there is any [words indistinct]?

[Lage] [passage indistinct] We shouldn't mention their names because the U.S. Government's policy towards Cuba is hostile; it blocks trade and investment relations. These companies that have been coming to Cuba are not doing business because they are prohibited by law. However, this undoubtedly reflects a point of view among U.S. businesses and commercial and economic sectors—that there is no reason to renounce business opportunities in Cuba nor trading with Cuba.

Many of these companies later confirm their visits to Cuba, they hold news conferences. And after they visit Cuba and contact us—as well as signing letters of intent—this is announced through other sources. We have maintained the principle, behavior, and courtesy of not being the ones to mention these companies. They are having contacts with us in a context where their country's government rejects those contacts. Therefore, I want you to understand that it is not right for us to mention these companies by name.

However, the facts that I mentioned in my speech about dozens of U.S. companies that have come, particularly recently—a majority of these companies are large, based on their volume of business—are very significant. Even here at the Fair, some of these companies have been participating—maybe you might run into some of them—and if they want to give you their names, that would not bother us. We are just being considerate. We have been meeting with these companies, giving them information on the opportunities and possibilities that are available in Cuba. We are convinced that time is on the side of reason, time is against arbitrariness, and sooner or later these companies will have the same trade

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and business opportunities that other companies from other countries have in Cuba.

[Arriola from NOTIMEX] You spoke of development in certain areas of the economy. Could you give us your opinion on the present state of Cuba's economy, bearing in mind the recession, and your prediction for the rest of the year?

[Lage] Yes, we have already given some objective information about what has been happening right up to September of this year. We cannot speak of a recovery period in Cuba's economy. That is not the situation. We say this with all sincerity and seriousness. The difficulties that we have faced in the sugarcane harvest have deprived Cuba of important amounts of resources. This hinders the development of the sugar industry, our principle sector, and hinders the availability of necessary resources needed to propel other production, such as food and agriculture, etc.

However, we can say that this year there are positive signs. Positive indications confirmed by an increase in foreign investments, a trend to balance national finances. There is economic recovery in certain sectors and sustained development in others, such as tourism and in crude oil production.

The operating [words indistinct] in its accomplishments in these years. Also something a bit more subjective, the notion that important areas and sectors of Cuba's economy have created conditions which will improve their development in future years or months. The measures that have been implemented internally, joint ventures, and export accords allow us to foresee that certain production areas—nickel, an important sector in Cuba's economy—will have a tendency towards recovery next year.

This had not been achieved until now. We believe that given our current situation, all these elements are important and positive signs. However, we cannot state that our economy is in a phase of recovery. The elements that I have pointed out explain the information that I gave in my speech. Of course, some of these elements are bolstered by prices in the world market—I also pointed this out in my speech.

Nickel is Cuba's second main export. Today, Cuba's second source of income is tourism. However, the nickel industry went through a very complex and difficult situation. When the Revolution triumphed, there was only one nickel plant [corrects himself] two nickel plants. They were associated with U.S. nickel plants. Our main nickel plant produced nickel sulfur. That sulfur has no value unless it is refined. That process was done in a plant in Louisiana and that possibility disappeared when the U.S. blockade was implemented.

Afterwards, there was the option of refining our nickel in the USSR. Nickel was then being produced to be refined in the USSR. When the USSR disappeared, Russia did not require our nickel sulfur. Once again we were in a situation that left us no place to refine our nickel sulfur. The market to sell our nickel disappeared, a market where over 70 percent of our nickel was being sent—to socialist countries—then, zero nickel was sent to them. The nickel market is controlled by a reduced number of multinational companies. The steel industry consumes large amounts of nickel and any steel with Cuban nickel content is not allowed to enter the United States. Nickel is very exposed to being monopolized by multinational companies and to the effects of the blockade. We faced a situation where Cuba's number two revenue sector could have been reduced to zero due to a lack of markets.

Today, the circumstances are different, we have a market for our nickel. We have associations, investments, and prospects—not guarantees—of new investments and production for our nickel industry. We are optimistic about this sector's development. Honestly, up to now this industry had suffered a decline. This industry was developed with Soviet technology—then relations were severed. We suffered a loss of income and the industry itself deteriorated. We have gone through a very difficult situation, especially, for a product such as this—Cuba's number two source of revenue—and during the beginning of the special period.

However, today we have different prospects, hopes, and realities, although we cannot sat that we have begun to recover in the nickel production sector. However, we are convinced that this will occur.

Sugar production is another very important sector. Cuba has faced the last two harvests with only 22 percent of the resources that had been available in previous harvests. Cuba has produced only half of the sugar it used to. We have been producing 4 million tonnes of sugar in the last two harvests. We have produced only half of the sugar we used to—but with only 22 percent of the resources—due to the circumstances we have faced. Our sugar industry has Soviet technology, transportation, and equipment and today the Soviet Union does not exist. We have not been able to establish ties, in every case, to substitute for those we had with Russian enterprises.

I would say that the sugar industry has been the hardest hit and the most affected—without excluding internal and efficiency problems. However, what I am trying to establish is just how much these determining and predominant external factors affected the sector. Therefore, it has been easier for us to recover, in a short period of time, that production, those industries and areas which required fewer resources. And it has been more complex to reorient markets, relations, and investments in the most important industries—those with greater presence in Cuba's economy—such as the sugar and nickel industries.

This forced us to go through a process which was very restrictive for the economy. Yet, today we may see a recovery in many sectors. We do not see yet a phase of

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general economic recovery; we say this with all honesty. However, we are convinced that these possibilities exist and the results we have had in certain areas allow us to advance in other areas. The experiences we have acquired create the conditions for stimulating and increasing production in other sectors. As this process advances, certain decisive areas of Cuba's economy, such as the sugar and nickel industries, will progressively recover.

[Unidentified correspondent] Two questions: Mr. Lage you have spoken about percentage of increases in exports by the end of September. Could we have the total amount of last year's exports and the estimate for this year's exports in dollars—including or excluding tourism? The other question is: You have spoken about a group of measures for changing Cuba's economy. Could you give us an idea of what measures to expect in the future? There is talk about expanding possibilities for self-employment, banking reform, and the introduction of a convertible peso. Are these reforms coming in the forthcoming weeks or months? Where are we currently with these reforms?

[Lage] Well, you have spoken about things I did not mention. You have heard about them. In general we have had a restrictive policy when dealing with information. This is a reality, we have not handled Cuba's economic information openly. Handling these numbers openly is something that has been requested by many people and friends. However, we have asked for understanding. Cuba's economy faces a situation that no other country on earth faces. There is no country that is subjected to an economic blockade. There is no country subjected to such a negative influence from the mass media in general. Many of those here today have lived through August's experience of massive emigration.

Did the media reflect what happened, what caused the problem, the origin of the problem, and why? It is not the image of people floating on rafts. For 35 years there has been a hostile policy towards Cuba, encouraging emigration, facilitating matters for those who emigrate illegally, and prohibiting legal emigration. Opportunities were given to those who emigrated illegally, even if they had stolen a boat or murdered someone. That whole affair, during a difficult economic situation, of realities, difficulties, limitations, and shortages justifies and explains such massive emigration. That image is not reflected by the mass media. That argument is not made in conjunction with the images of rafters.

That is the reality which Cuba has confronted. When we discuss Cuba's economic situation—the facts about Cuba's economy—what is not explained is that Cuba had integrated its economy with a group of countries with planned economies and for more than 30 years investments where made to develop export products and to fulfill agreements with those markets. All of that disappeared overnight and in the midst of this situation, the U.S. blockade was strengthened. All of these elements are not considered when Cuba's economic facts are handled publicly. Usually one fact is taken individually and used to highlight Cuba's crisis and the system's crisis. That is a reality which we have faced.

I make this introduction referring to your question because it is the reality which explains why we have handled facts about Cuba's economy with certain discretion. We do not like to do this, not only for external reasons, but for domestic reasons, as well. We would like to tell our people in what areas we have advanced, the things that have been resolved, the foreign investments we have received, and the presence of certain companies. This information would be good for our people. However, when we mention a company we run the risk of it being pressured, we run the risk of having a prospective investment being canceled due to pressures, we run the risk of having an economic fact distorted and manipulated to reflect difficulties or contradictions in the economic development of our country. That is the reality we have faced and still face today. This determines the restrictiveness with which we handle Cuba's economic information.

I can say that we have received [words indistinct] confronted a reduction of imported resources of over 70 percent, as I said before. Practically, all the resources that we have imported are thanks to our exports. We have no access to credit sources. Neither the World Bank nor the International Monetary Fund facilitate credits for the development [words indistinct]. The developed countries with which we have relations do not have soft lines of credit for development and investment in Cuba. We are working exclusively with the results of our production, our exports, and the opening that we have implemented, allowing the investment of private capital. It is an enormous difficulty. Today, everyone recognizes that a country needs credit sources and financing for its development. Those sources are inaccessible to us due to the U.S. blockade. That is the situation. We are working on measures. You mentioned banking reforms, a convertible peso, all of those measures are being studied.

I am not able to say whether it will be next week or the week after, but we are open to analyze any type of change, adjustment, economic opening measure [passage indistinct] of a socialist society. We are not only defending an abstract ideal. We are not only defending ideas. Socialism brought to Cuba social stability, jobs, education, and health like in any other Third World country. It resulted in a nation free of drugs, terrorism, a nation with high participation of the people in its political future. We are defending concrete accomplishments. [Words indistinct] ideals and accomplishments of a socialist revolution. Therefore, our opening has to be seen within that context, the context of trying to preserve what we have accomplished. What we are trying to preserve is what the U.S. Government is seeking to accomplish now. According to U.S. data, over 30 million Americans have no access to health care. Yet, every Cuban is covered by our health system. This is what we seek to preserve. This is the reason why our opening

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keeps in mind the reality of what Cuba has already accomplished and is trying to preserve.

Regarding contacts with U.S. companies: Have any letters of intent been signed? Also: How do the authorities explain the gradual revaluing of the Cuban peso, and should this be considered an irreversible trend?

[Lage] Well, yes. The process of signing letters of intent has begun but we do not want to be the ones revealing the names. They are going to be known anyway because some of those companies might mention it. You will be able to know their names, not from us, but from them. We have explained the situation that has taken place regarding the revaluation of the Cuban peso and the effect of the measures we have taken. We have taken measures to increase prices, we have eliminated free services, and we have begun to collect some taxes. All these measures withdraw money from circulation. The less money there is in circulation, the more the peso gains ground in relation to the dollar, which is also in circulation in Cuba. In conjunction with these measures, the farmers' markets were established. Today, these markets have a reduced supply of products at elevated prices. Yet this creates a possibility for revaluing the Cuban peso. The markets increase the collection of pesos, reduce the pesos in the people's hands, and present an incipient opportunity to use those pesos.

We believe that this situation revalues the peso in relation to the dollar. We believe this is a positive result of the measures we have taken and believe we need to wait a bit longer before describing it as definitive result and trend. We need the supply to remain stable and to grow so that the population uses the peso. There are many factors that from now on will adjust the measures taken so far so that their effect in balancing domestic finances becomes stable and permanent. We seek to attain this but must wait a bit longer. The supply of products depends somewhat on the market, the supply and demand, but also on the producers having the necessary resources for production. You might produce very efficiently a certain agrarian product for a market, but that product needs fertilizers, chemical products, fuel for irrigation and to prepare the soil. If all these resources are available to the producer at the right time, conditions are created to increase production, the level of supplies, and outlets for the peso and its revaluation. However, the market is one of the elements contributing to this circumstance. There are other elements dependent on the nation's capacity to import resources and guarantee minimal basic conditions for production. There is no doubt that the results of the last four months are positive and hint in this direction. We are making efforts to ensure the situation remains so.

[Unidentified correspondent] [Words indistinct] the recent migration accords and the accord on telephone communications, is the beginning of the end of the blockade? Also, what is your opinion on the presence at the Fair of these large companies that you visited earlier?

[Lage] I believe that the essential problems in the relations between Cuba and the United States have not been broached in those talks. The talks have been limited to migration issues and our government, Cuba, has made an effort to take a constructive position, a position creating the positive precedents for dialogue to prevail in the future. [Words indistinct] civilized nation does this in today's world. However, the essential problems have not been broached; the cause of the migration problem is the U.S. Government policy, the blockade. These are the difficulties which feed the circumstances which generate the problems being discussed. The causes have not been broached. We have demanded, insisted, asked that the causes of these problems be discussed in depth in order to attain a definite solution. This has not been possible.

To date, all that has been possible is to hold talks on migration issues. Our government's position is not to dismiss the opportunity, that possibility. This is the most positive possible attitude although the essential problems are not broached in order to make progress in bilateral relations, despite the fact that we are aware that if essential problems are not broached there are no solutions. This contributed to make the New York talks end in an accord. The accords are not enough to speak of solutions to the problems between Cuba and the United States and its relations with Cuba. I would not even say that it is the beginning of the end. I would say that it is a positive precedent that it shows to the world that dialogue, the negotiated solution of problems, is the way to go.

Other significant events have taken place in addition to these circumstances, the difficulties in August and the talks. I would say that for the first time for American public opinion—the media, intellectual circles, and certain sectors of Congress—there is a significant awareness that the U.S. economic blockade of Cuba is an outdated, unfair, and cruel policy; that it does not respond to today's world. Not only have the talks and the migration accords taken place, there has also been a strengthening in the belief and opinions of American society of how unfair and illegal that policy is. We believe this is also a very positive sign that changes the circumstances. Unfortunately, U.S. policy is highly influenced by domestic issues, by interest groups. Therefore, we cannot predict or anticipate that the circumstances are ripe for a solution of the problem. If U.S. policy were directed by reason, justice, legality, civility, and rationality, then I would say that the conditions created foster the beginning of the end of the blockade. But as long as U.S. policy is also influenced by economic interests, electoral interests, domestic forces, [words indistinct], if it is also going to be influenced by that circumstance, I would say we cannot affirm that we have seen the beginning of the end of the blockade. Therefore, we [rephrases] I do not have a forecast of what is going to happen. What we can tell you is that we are ready to resist and not only resist but to surpass our current economic difficulties even in the worst case scenario.

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[Unidentified correspondent] [passage indistinct] IMF and World Bank resources, it is no secret that in the last couple of years there have been two or three informal contacts between the Cuban Government, Cuban economists, and IMF officials. What were the reasons behind those contacts given that it is also no secret that Cuba has been highly critical of IMF policies in other countries?

[Lage] Yes, several news dispatches have reported that IMF officials have had contact with the Cuban reality and these contacts have been informal. We do not have any objection to those contacts, or to relations with those financial institutions. This does not mean that we are willing to do what these institutions dictate. We even harbor the hope that the experience of these years will show some of these international financial institutions that not all advice given on how to manage the economy of Third World countries, and those socialist countries which decided to move to capitalism, were good. Experience shows that not every recommendation has been good, and not every recommendation has been positive for the development of those economies.

I believe that the worldwide neoliberal euphoria that followed the disappearance of the socialist bloc is beginning to clash with certain realities: the reality of economies that are not growing, or grow in macroeconomic terms without solving the essential problems of significant and majority sectors of the population, and economies showing apparently promising figures while inequity and poverty increase. I believe that these institutions must be undergoing a process of change on how to tackle the world's problems because more and more every day the Third World's problems are becoming the problems of developed nations.

Many economists and sociologists are seeing the issue of migration [words indistinct] and these migrations are taking place because no solutions have appeared for the problems of the Third World. Developed nations cannot isolate themselves from the living conditions of three-fourths of mankind. The truth is no one can affirm that following the neoliberal euphoria there are prospects for solving the problems of living conditions of that three-fourths of mankind. I believe we are very far from seeing that. I believe that the realities, the difficulties of today's world show that problems have to tackled differently.

We [words indistinct] not only with financial institutions but also with governments, economists, individuals, and foreign financial institutions that have views on the future development of the world economy that differ from ours. We do not reject [words indistinct]. We are open to that, to listen, to welcome, to analyze, to share, to discuss opinions and problems of today's global reality, and analyze today's world problems and see how we assimilate positive aspects of the experience on global development within the framework of the social system we defend and develop.

[Unidentified correspondent] Mr. Lage, you always speak about the need to guarantee health and education services for the population. Therefore, I want to know if the government is planning to take any measures to use incentives to keep workers in these sectors and prevent the exodus to other sectors?

[Lage] Yes, for many years—this is a reality we have to acknowledge—the health and education sectors received the Revolution's highest priority in terms of moral and material incentives. Today these sectors do not enjoy the material incentives they had for many years. First of all, we must say that we trust health and education workers, we trust their capacity to confront their current difficulties and wait out the difficulties until their efforts can be recognized again with material incentives and other means. Of course, when we analyze the exodus from these sectors—some eight percent—we have to stress that some 92 percent remained in their jobs. Some 92 percent of the workers from these sectors remained despite the lack of material incentives, and with difficulties in transportation and everything else. This is the reason we trust the quality of the workers of these sectors. However, we have to acknowledge objective realities, difficulties, and the fact that for the Revolution it has always been a priority to give incentives to these sectors and this will continue in the measure conditions allow us to do so.

[Unidentified speaker] Since we have taken so much of Comrade Lage's time, I would suggest one final question. According to the list, it is Gloria Analco's turn.

[Lage] There are two left. I have no problems with that. The only problem is that if there are two who want to ask questions, there are 30 who want to leave. One never knows whom to please, the two who want to ask a question or the 30 who want to leave. Let us answer these last two.

[Gloria Analco, from EL EXCELSIOR] The purchasing power of the peso is closely tied to the issue of salaries. My question is: Is there any possibility, is any policy being considered to increase salaries in general, or for one sector in particular, or what incentives are being given or are being planned for key sectors of the economy?

[Lage] In reality, I would agree the country needs salary reforms in many sectors. This is a goal we have had to postpone because today balancing the domestic finances is a more pressing problem. We would be hampering that goal, the withdrawal of money from circulation, by putting more money into circulation through increased salaries. We have decided to postpone a salary reform until we attain, or are confident that the domestic finance balance has made enough progress. This will be done in the future. The sectors that need it the most will be first. This does not exclude the possibility, even within the current circumstances, that measures will be taken to begin introducing labor incentives. In certain important productive sectors of the economy whose raw materials are guaranteed, we have begun changing the

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salary system and implementing salary systems connected to increases in production. For example, in cement plants and shipyards we have introduced salary systems where the workers are paid in the same measure that production and efficiency increases and material costs drop. We have been doing this here and there, by sectors, and will continue to do it although perhaps not at the speed we would like because we have to guarantee the essential goal of domestic finances so that all the [words indistinct] have their full effect in fostering production.

In addition to this, in certain sectors of the economy directly connected to exports, hard currency incentives have been introduced in connection with a certain increase in production. [passage indistinct] of production. However, under the exceptional conditions we have been living in, salary incentives in Cuban pesos and an increment in production still do not reflect [passage indistinct] have been introduced in certain sectors of the economy with positive results so far. This would be expanded in a very limited manner given today's circumstances because the ultimate goal is the recovery of the value of the peso and rewarding work through salaries.

[Unidentified correspondent] This has been asked several times, but you mentioned in your speech that the reforms implemented are not isolated measures. Yet, it is still very difficult to discern a clear strategy to solve what is perhaps the biggest problem of the Cuban economy, the enormous abyss between benefits and salaries in the domestic economy and the goods and services available. Could you explain a bit for us the strategy on this?

[Lage] I believe the strategy is manifest. What perhaps happens many times is that some people want to hear another interpretation; they want to hear that the strategy is that the solution to our problems is the capitalist system. Yet, we defend a strategy within the socialist system. In other words, a strategy of capitalist development is not what we follow. That is not the strategy. Our strategy falls within the socialist system, a strategy [passage indistinct] that keeps in mind the circumstance of today's world, a strategy capable of taking many shapes within the socialist system. I believe that few countries have revealed as many elements of their economic strategy as Cuba. What is the economic strategy of—I don't know—any country we could mention? I do not care to mention any because I am not trying to make any accusations. But I believe not every country, and there are many countries whose economic difficulties surpass ours, has a strategy for every one of the steps to be taken at each moment. I do not believe this exists in any country. We do not have a capitalist strategy. We have a socialist strategy for development which includes foreign capital investments, joint ventures, self-employment labor and encouraging it, giving state lands to cooperatives—and plans to encourage and solidify this in an irreversible manner—it includes a tax system and steps to balance domestic finances. There are many elements in the measures that have been taken and those to be taken that define our strategy.

However, whether or not there will be convertible pesos or when, whether 10 more jobs are added to the self-employment list or 10 removed, these are not issues of an economic strategy. It is all a matter of the economic tactics which our government chooses to implement at the right moment. There is the example of the farmers' markets. What would have been the results of the farmers' markets if they had been implemented two years ago, at the time when the money in the people's hand was on the increase, and when a product which cost perhaps 40 cents a pound, would have cost three pesos three months later? What is the effect of the farmers' markets at a time when the money in the people's hands is drooping when product prices are bound to drop? This is not only the result of increases in production, which usually take longer, but because of the situation with domestic finances. The measure which could have been a failure two years ago could be appropriate today. It has to be evaluated. [passage indistinct] There are many aspects to the economic tactics which we do not reveal because they need analysis, and must be seen within the framework of our reality, the reality of our economic, foreign, and political situation.

However, there is a strategy. The strategy of a socialist economy, a planned economy. We are conducting a reorganization of the state's apparatus, of decentralizing the state economy, of giving enterprises more authority. That is part of an economic strategy. The enterprises are being given authority to manage their resources, export, and join foreign enterprises within certain principles. That is economic strategy. Now, specifically what enterprise, when, and under what circumstance, is not manifest. Not every element of the tactic is manifest. On the one hand because it is not a good idea, on the other because we have not made a decision yet. And experience has to show us what needs to be done at each juncture.

However, I believe that anyone who studies the Cuban reality can perceive a strategy: the strategy of a socialist economy with an opening to foreign investments, a private labor sector, and a cooperative sector. That is the strategy. Practice will show us where we need to progress more in one direction or another in order to preserve the essence of [passage indistinct].

[Unidentified speaker] I express the feelings of all our comrade reporters when I thank Comrade Lage [words indistinct]. Thank you very much.

Lage Views Agricultural, Livestock Markets

PA1111025894 Havana PRENSA LATINA in Spanish 2055 GMT 9 Nov 94

[FBIS Translated Text] Havana, 9 Nov (PL)—Cuban Vice President Carlos Lage affirmed here today that the agricultural, livestock, industrial, and artisan markets

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represent an instrument for increasing the quality and variety of products and will help satisfy the people's needs.

The high-ranking official said the amount of articles to be commercialized by those establishments, which function with a basis on the law of supply and demand, is limited by the availability of resources, and its real possibilities must not be overestimated for this reason.

Lage said at the closing of a seminar for leaders and experts who will implement this new type of trade that these establishments do not exclude the current state marketing system.

Referring to the political aspect of the situation, the member of the Politburo of the Communist Party of Cuba said: Our objective is to produce more articles and at lower prices and not a few that only part of the population would be able to afford.

The industrial and craft markets will begin functioning on 1 December, two months after the creation of the agricultural and livestock markets. It is expected the new markets will encourage production and contribute to the withdrawal of excess currency now circulating, Lage said.

Cuba's essential problems, Lage said, are not of a commercial nature but, rather, of resources for increasing production. He said the output of agricultural products could be increased to resolve the needs of the people if there were more fertilizers and irrigation equipment.

Lage told his audience: "It is necessary to introduce new ideas and methods within the framework of today's economic difficulties. We have to do many things without excluding everything we have done in the economic field."

He said: "The free market must be implemented in an orderly fashion and only after the adoption of organizational measures. He added: The number of articles forming part of this type of commerce will increase as our possibilities permit it."

TRABAJADORES Discusses Economic Recovery

FL1411215594 Havana Radio Rebelde Network in Spanish 1800 GMT 14 Nov 94

[Report on TRABAJADORES 14 November editorial: "What We Defend," from the "National Radio News]

[FBIS Translated Text] The editorial refers to the changes that are taking place in Cuba, to the evidence of economic recovery that are being felt, and to the need for understanding the ideas and actions that will ensure the well-being we are struggling to achieve.

With regard to this, the article cites Comrade Carlos Lage's speech during the inauguration of Havana's International Fair. Lage reiterated that the purpose of all the measures are being implemented to benefit the people.

The TRABAJADORES editorial points out that these few words are significant because they sum up the ideology of our socialism and of the Revolution. The editorial says that they clearly express where we are going and what we defend—the possibility of a better standard of living for all Cubans in a society where no one will be discriminated against because of sex or race, where childhood and old age are protected, where health care and education are a natural right of every citizen, where equity in the distribution of social wealth is predominant, and where work is the measuring stick of all merit, something fundamental to personal prestige.

The editorial further states that to develop Cuba and maintain social justice here, there will be no path but creative effort. Every measure that is implemented to recover or create jobs or to achieve efficiency will objectively serve our ideals.

The editorial concludes by pointing out that during this time of openings, changes, reforms, readaptation, and rectification, the clear precept that the Revolution has not abandoned its principles or renounced the ideals of socialism—let alone Jose Marti's ideals, eternal humanistic inspiration, an accurate conductor of Cuba's destiny—must be kept in mind.

TRABAJADORES Views Production Unit Unions

FL1011165494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 8 Nov 94

[From the "NTV" newscast]

[FBIS Translated Text] The newspaper TRABAJADORES published an editorial on 7 November about the unions in the basic cooperative production units [UBPC]. The editorial states that the Cuban Workers Federation [CTC], and particularly the sugarcane and agricultural unions, should perfect and develop their specific methods and actions within the realm of their unions, as soon as possible. They should use different formulations and planning than what has been used in the past.

In addition, the article states that is fundamental that, except for the land granted to the UBPC, everything else is in the hands of the cooperative workers, who do not receive a salary any more, but are instead socialist owners.

TRABAJADORES states that UBPC unions should continue to fulfill their essential task to defend the workers' interests. At the same time the unions should make sure that there is no contradiction between the right of the members and the full benefit to society. The newspaper discusses [words indistinct] higher production at the lowest possible cost, however some actions are sometimes delayed without real causes.

The editorial adds that the whole union movement, and particularly the sugarcane union, should fight constantly

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against bureaucratic mediocrity, which does not accord with the revolutionary significance of cooperative development in the current circumstances.

The editorial concludes by pointing out benefits which need to be guaranteed to farmers, especially in places where people are seriously working to improve the performance of cooperatives, which guarantee food on people' table and are the most solid endorsement to the development of Cuban economy.

Businessmen Encouraged To Join Chamber of Commerce

FL1111020394 Havana Radio Reloj Network in Spanish 2052 GMT 10 Nov 94

[FBIS Translated Text] Juan Manuel Esposito, Cuban Chamber of Commerce regional delegate, said in Bayamo that the Chamber will be able to help enterprises from the eastern provinces promote their products in foreign markets. Esposito added that they will have many opportunities, especially in foreign trade, by participating in the fourth International Fair Expo Caribe in Santiago de Cuba next June. The Chamber offers several advantages to its members, including advice on advertising campaigns, international arbitration, executive training, and the possibility of sending delegations to participate in trade functions.

Representatives of the Chamber and the Ministry of Foreign Trade have been meeting with businessmen from Granma to inform them and encourage them to join the Chamber before the end of the year.

'Straight Talk' Discusses State Power

FL1511021994 Havana Radio Rebelde Network in Spanish 1700 GMT 10 Nov 94

["Straight Talk" program with host Carlos Santana Ojeda and guests Eloy Concepcion and Renato Recio, TRABAJADORES correspondents—live or recorded]

[FBIS Translated Text] [Santana] Without a doubt, the Cuban economy is undergoing important changes. Some people think that the Cuban state is losing its power. The topic of discussion today is whether or not the state is losing its power in light of these new changes. Renato, is the Cuban state losing its power or not with the implementation of the changes?

[Recio] This is a very interesting question. It has lot to do with the ideological struggle, which is a key element in the internal and external ideological struggle. There are many forces, including friendly forces, who would place certain conditions on Cuba. That is, they attach strings to recognizing and helping Cuban society, and to deeming us worthy of belonging to a group of nations, et cetera, et cetera, et cetera. I have dubbed this type of conditionality Plattist [Plattista] conditionality because in assenting to them, Cuba would simply lose its sovereignty, its nationalism, its national character. It is a national character based on the belief that we will develop our economy and improve the material well-being of the people; but that we should maintain a certain level of social justice, a level of conquest that we have already attained in our social project. I sincerely believe that far from becoming weaker with the economic reforms process, the many social reforms, and the ensuing changes in social structure, the Cuban state is becoming stronger. However, I will not confuse the strengthening of the state with the idea of excessive centralism, with the idea of vertical management, with a paternalistic state. No, no, no. I believe that the state should seek to improve itself also. However, I think that the only way an underdeveloped nation such as ours can meet the great challenges imposed by the world economy is not by weakening the state, but by strengthening and improving it, making it more and more democratic and more efficient.

For example, consider the Japanese miracle: At the beginning of this century, Japan's economy and society was in shambles. Now, at the end of the century, it is one of the most powerful, productive, and effective nations in the world. I believe this is due to the fact that the Japanese has known, at all times, how to manage and protect the growth of the economy, scientific and technical development, worker productivity, and the quality of goods produced.

[Santana] Eloy, what do you think—is the state losing its power or not with the new changes?

[Concepcion] Well, Carlos, I know you are not asking the question in this way, but it is a little bit slanted toward the campaign of distortion about all the changes the Cuban Government is making to adapt to the real world, to which Cuba needs to adapt due to the strengthening of the blockade and the fall of the socialist bloc.

I believe that the state is undergoing a period of improvement, during which it will be able to gain more strength and dynamism. The new policies implemented will save the clear conquests of socialism—which have been recognized worldwide—and Cuba will carry on with the socialist project in the future, yet adapted to the new circumstances.

Questions or doubts develop due to the strong interests of those who Renato dubbed as Plattists. I believe we should also add those who have been dreaming of annexation as well. This situation is older than bread: The Plattist and annexationist trend dates back to the beginning of last century, and its intention is to debilitate the state, to create a weak and anarchic state, thereby making leeway for total dependence on our northern neighbor.

Many people believe that recent state measures, such as the creation and organization of farmer and industrial markets, are capitalist mechanisms. This is not true. Capitalism is not the great inventor of all mechanisms. There is no doubt that these market tools need to be

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implemented. However, the state should regulate these fundamental changes, which will improve the situation of workers and the great majority of the Cuban people as quickly as possible, even though many people might momentarily believe that they are adversely affected by the changes.

[Santana] Neoliberalist trends are in fashion, and this trend sees the state in its own way. What do you think, Renato?

[Recio] It is true. Neoliberalism claims that the state blocks market development, and that the State is the ideal mechanism for human society to develop its potential, to guarantee freedom, et cetera, et cetera. However, when I ask myself—as all Cubans do—where does this ideology come from, I can see that it comes from the world's great powers. Yet, these great powers protect their national products through customs, subsidies, and also by controlling prices, as well as with their currency system.

Summarizing, we could say that these hubs of world power are controlling market evolution in each country. Yet they export the concept of total privatization to Third World countries—we can see it clearly in the particular case of Latin America—and they also export the idea that the state cannot own capital or intervene in market fluctuations, et cetera, et cetera, et cetera. They enforce the concept: Do as I say, not as I do.

The final result is clear: Countries that have implemented neoliberalism and have blindly worshipped market economy have not been able, in most cases, to renew and increase production. Furthermore, they have not been able to distribute national resources with justice, and have only an apparent democracy, according to the western model—elections with a universal vote, direct vote, et cetera. These countries are bankrupt and corruption is widespread, presidents are unstable—they cannot carry out a platform, or the parties are not able to do so, due to limited prospects for reelection, an so on. There are multiple symptoms of crisis, and acute social problems threaten these countries. Hence, neoliberalism, which disintegrates nations, has not shown its efficacy.

I am certain that if national unity were lost in Cuba—the state being the power behind that unity—then we would be in the hands of the world powers. We need to achieve more national cohesion, above all, without denying autonomy to business, cooperatives, municipalities, provinces, et cetera. As I stated before, I do not agree with a paternalistic and centralizing state.

[Concepcion] There is subtle propaganda under all of this. As Renato just stated, some countries ask others to do what they will not do themselves. Their intention is to disintegrate the state. Cuba could also have been a victim and fallen prey to them by blindly using those market mechanisms which, as Renato explained, are not implemented in developed countries because of the strong controls of their governments to protect the products, people, et cetera.

However, these powers want Third World countries to blindly implement the market mechanisms, which would bring as a consequence private hospitals, paid visits to doctors, as well as charges for education, and for all social benefits that the Revolution has been offering to the people. Therefore, we need to fight in every possible way to preserve these achievements and to improve them each day.

The implementation of market mechanisms does not preclude the state's regulating power. On the contrary, Cuba is currently showing that is necessary to maintain, and even improve, the state's regulating mechanisms, without resulting in a centralizing state where bureaucracy and other procedures destroy initiative. The state's regulating mechanisms should protect the people and social benefits. They should also reinforce the state, making it possible to implement a policy that will benefit the majority of the Cuban people. This is the role the state should have.

[Recio] Today's world is globalizing and transnational, as everyone knows. What is the forecast for a small, poor, Third World country if it were to split its strength into thousands of enterprises? Additionally, the partition of the economy would bring multipartisanism as a consequence, with which we are familiar, and which brings back some bad memories. Any small country doing this would lose its negotiating power.

I could envision the future Cuban state operating as a transnational, as a big corporation representing the overall Cuban economy, and with negotiating power at a moment when the New World Order becomes a dominating force on small capitals. Currently, transnationals are so strong, they control so much money, that practically nobody can compete with them, especially in small countries.

My idea is: Cuba must select the path to adjust itself to the world market. At the same time, however, Cuba needs to maintain the state's power, which gives Cuba a negotiating and competitive edge in the world nowadays, and in the future.

Haiti

Police Chief Appointed Due to Growing Violence

FL1411222494 Port-au-Prince Radio Metropole in French 1700 GMT 14 Nov 94

[FBIS Translated Text] The high military command appointed a new Port-au-Prince police chief over the weekend, Lieutenant Colonel Pierre Stanislas Neptune, who was promoted for the occasion to the rank of lieutenant colonel. Neptune, who attended the officers' courses at the specialized school of [word indistinct] in France, which is sponsored by the French Police Force, has replaced Lt. Col. Jean-Lucien Cazeau who has been appointed head of the Haitian armament service.

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This appointment occured as a result of serious insecurity problems, characterized by an upsurge of criminal and housebreaking actions in commercial neighborhoods. This has been evident for several weeks in the absence from the field of Haitian policemen, while U.S. troops refused to assume police tasks.

On 11 November, a holdup resulted in two deaths and a serious injury in Port-au-Prince. The victims were U.S. Embassy employees who were carrying local personnel payroll, assessed at 800,000 gourdes. The perpetrators fled following the incident. Also on 11 November, students, furious at having failed their baccalaureate examinations, destroyed the premises of the Ministry of National Education.

Let us recall that on 11 November, high-ranking Port-au-Prince police officials reaffirmed their willingness to maintain order and guarantee the safety of lives and property, but pointed out their lack of vehicles and equipment.

More Than 80 Weather-Related Deaths Reported

FL1411215394 Port-au-Prince Radio Tropic FM in French 2000 GMT 14 Nov 94

[FBIS Translated Excerpt] Torrential rains have created numerous victims in the country. About 80 people died following the bad weather recorded in Port-au-Prince and some provincial cities on the morning of 13 November [date as heard] while Tropical Storm Gordon was passing over eastern Cuba. Numerous injured have been taken to Haiti State University Hospital [HUEH].

According to provisional figures published by the Haitian Red Cross in Port-au-Prince, 25 deaths have been recorded in Jacmel City and about 10 people are reported missing. The Port-au-Prince-Jacmel section of road has become impassable following the torrential rains that beat down on the southeast of the country. Houses have collapsed in Jacmel, the bridge located at the city's entrance collapsed, and the people fear that the city might remain cut off from the rest of the country for a long time.

By noon today, HUEH received the bodies of 27 victims of yesterday's floods. In the Ravine Berthe section of Peguy-Ville, three bodies were recovered, while another 20 victims from the Canape-Vert area were taken to the HUEH mortuary with the help of international police monitors who are participating in the rescue operations.

In Port-au-Prince, most of the victims are those who had built their shacks in the beds of gullies. In several neighborhoods of the capital, vehicular movement has been considerably hindered by the torrential rains and by infrastructural crumbling. In the Carrefour area, 30 persons have died and the material damages are considerable. Traffic on this section of road is very difficult.

In Cap-Haitien, yesterday's torrential rains left no victims. [passage omitted]

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Zedillo Vows To Distance Himself From PRI

PA1511003794 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 14 Nov 94

[From the "Early Morning" newscast]

[FBIS Translated Text] Mexican President-elect Ernesto Zedillo Ponce de Leon is preparing an agenda of the subjects he will discuss during his trip through Central and North America, which will begin on Friday.

He said Saturday that during his term he will head an administration that will set a republican example and that beginning 1 December, he will be at a distance from the PRI [Institutional Revolutionary Party]. Zedillo pledged to make decisive electoral reforms that will permanently eradicate the suspicions and recriminations which mar the electoral process. He also pledged, as president, to refrain from influencing the designation of PRI candidates for any popularly elected position. Zedillo made these comments on Saturday, when he received a proposal for PRI reform.

[Begin Zedillo recording] I pledge to refrain from influencing the designation of our party's candidates for popularly elected positions. The party reform should clearly contribute toward creating democratic consultation mechanisms and efficient, representative collegiate bodies whose decisions reflect the aspirations of our members. The federal executive's noninterference in the party's internal decisions will create democratic opportunities that should not be seized upon by spurious interests that want to manipulate, establish dictatorships, or create any form of control that could curtail free and open participation. [end recording]

Hundreds of PRI members filled the Plutarco Elias Calles theater, including many who have been elected deputies, senators, and Assembly delegates, others who have been designated members of the commission in charge of drafting the reform agenda, and active members supported by their experience, some of whom have even presided over the party. Zedillo told them that his best contribution to this reform will be to work tirelessly for all Mexicans. He said this is a meeting of several generations of PRI politicians who, with the changing agenda, seek a separation from government without relinquishing the ideals they share with Zedillo and the party that has taken him to the presidency. This reform seeks to attain independence in the finances of the party, which is making a clean sweep from the party of power groups, impunity, and political caciquism. Finally, Zedillo said that the time has come to again take up the spirit of reform of the 14th PRI Assembly.

[Begin Zedillo recording] The best way to do my duty as a PRI member from the presidency will be to always act like the president of all Mexicans. My contribution to the PRI's strength and prestige will be to work tirelessly to head a government that will be a source of pride for our members and a republican example of how we PRI members perform in popularly elected positions. [end recording]

Thus concluded the last PRI event during which the president-elect participated as an active member. He has pledged to become a nonacting PRI member on 1 December.

Church Views Plight of Undocumented Central Americans

PA1411001594 Madrid EFE in Spanish 1444 GMT 13 Nov 94

[By Federico Keyes]

[FBIS Translated Text] Comitan, Mexico, 13 Nov (EFE)—Approximately 40,000 undocumented Central Americans are experiencing firsthand in Chiapas State the hardships that undocumented Mexican workers are facing in California.

The Diocesan Committee for Assistance to Immigrants on the Border [Comite Diocesano de Ayuda a Inmigrantes Fronterizos] told EFE that the children of some 40,000 illegal migrants from Guatemala were expelled from elementary and middle schools in the Chiapas region, located close to the border with that country.

The organization, which falls under the Tapachula Diocese on the border with Guatemala, affirmed that thousands of illegal aliens from Central and South America arrive each year in Mexico en route to the United States. In Chiapas, National Migration Institute [INM] agents assisted by policemen from other corps have set up a barrier insurmountable to illegal immigrants.

Mexico hardened its migration policy in this southern region when it began NAFTA negotiations with the United States and Canada, and over the past 10 months it has deported over 150,000 foreigners across the border with Guatemala. Tapachula Bishop Felipe Arizmendi said that "Mexicans do to undocumented aliens crossing that southern border in search of jobs" everything they criticize U.S. authorities for in the treatment of their illegal citizens in that country

"Children of illegal Guatemalan emigrants cannot receive necessary medical and health services during their stay in Mexico, either," the bishop added.

"The mote we see in someone else's eye is the beam we have in our own. That is why we are requesting a review of the laws to recognize the fundamental rights of the undocumented, because the fact that they are illegal aliens does not make them criminals," Arizmendi noted.

The Tapachula bishop said that if Mexico wants the U.S. Government to change its attitude toward illegal aliens from this country, "the Mexican Government must revise its immigration policy to have a greater sense of humanity" toward Guatemalans.

Guatemalan Bishop Alvaro Leonel Ramazzini Imeri of San Marcos Diocese affirmed that Mexican authorities "are harsher" toward Central Americans than U.S.

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authorities are toward Mexicans, since the former seriously infringe upon the rights of thousands of immigrants.

INM data indicate that 200 to 250 foreigners have been deported every month this year, meaning that in 1994 over 60,000 undocumented aliens have been expelled from Mexico. [figures as received]

The INM admits it has reinforced its operations to block the arrival of undocumented immigrants by building main inspection checkpoints at strategic places along major highways.

Agents at the 31 INM checkpoints in Chiapas have also received modern radio communications equipment and vehicles.

Coordinated actions to curb the arrival of undocumented aliens of various nationalities were also established with the Attorney General's Office and other police agencies.

Thanks to this program, it has been possible to foil the arrival of undocumented aliens of different nationalities who use the country as a springboard for going to the United States, the INM stated.

A Catholic Church document which analyzes the phenomenon of migration reveals that before NAFTA was approved, the United States forced Mexico to "stop immigration at the southern border, the result being that Guatemala is the recipient of thousands of undocumented aliens."

The situation is a "time bomb" for that Central American country due to the rise in social conflicts since thousands of unemployed persons create social and economic problems which, compounded by drug trafficking and prostitution, may generate more violent conflicts.

The thousands of undocumented aliens gather primarily in an area of Guatemala City called Tecun Uman, otherwise known as "La Tijuanita" in reference to Tijuana, Mexico, which is the main path by which most cross clandestinely into the United States.

Some 20,000 persons live in Tecun Uman, in addition to the more than 15,000 who have been expelled from Mexico while trying to enter the United States.

This town is the waiting room for thousands of Central and South Americans who want to go to the northern border.

"For some it is Little Tijuana, and for others it is the border of the Third World, which means these days that it is the dividing line between North and South," the document stressed.

An immigration official who declined to be identified said that in Chiapas the smugglers of illegal emigrants have the most modern equipment, allowing them to maintain an espionage network to learn the movements of police and IMN agents.

He added that each smuggler of emigrants, known as a "coyote," charges 600 new pesos ($180) to take an undocumented Central American from the Guatemalan border to Tabasco, Veracruz, or Oaxaca, but if the illegal alien prefers to arrive in the United States, he must pay between $1,000 to $2,000.

Most of the undocumented Central Americans heading to the United States choose to remain in the Mexican capital or the cities of Villahermosa, Cancun, Merida, Guadalajara, Monterrey, or Tijuana to seek jobs or better opportunities, the official added.

Aguayo Quezada Sees Potential for Violence

95CA0031A Mexico City LA JORNADA in Spanish 12 Oct 94 p 10

[Commentary by Sergio Aguayo Quezada, president of the Mexican Human Rights Academy: "Mexican Violence-Watching."]

[FBIS Translated Text] I do not want to be an alarmist, but if the studies conducted elsewhere are of any use, Mexico is approaching an extremely dangerous, and difficult to reverse, combination of political and social violence. We would be irresponsible if we did not do whatever we could to halt a dynamic that is about to get out of hand.

"Violence-watching" is a subspecialty in the social sciences; these academics spend their time explaining the origins and characteristics of societies in which violence is one of the central traits of the culture. Among the intellectual underpinnings of this peculiar school are the works of Spaniard Juan Linz on the "Weimar Republic" (the regime that preceded the rise of Nazism in Germany). From them has emerged a thought-provoking theory: Violence becomes widespread when the State loses its legitimate monopoly on violence.

In other words, the social pact in modern political democracies hangs on a central assumption: peaceful coexistence among members of a community is based on strict control over violence and on the fact that only explicitly authorized State institutions can engage in coercion in accordance with clearly delineated rules. Arrests, penalties, and executions are carried out in accordance with provisions that are meticulously set forth in laws. It bears recalling here that the basic premise is that the State has a legitimate origin.

If the rise of violence depends on the State losing this monopoly, then the violence-watchers explain the phenomenon, and their research has described some extraordinarily complex processes. They use specific examples to demonstrate the interaction between political and social violence.

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In Colombia, professional killers, known as "sicarios," are associated with the drug-trafficking "cartels" and are thus linked to social violence. However, some of these hired killers started out in gangs from disadvantaged neighborhoods that were trained and armed by the guerrillas, who set the stage for the rise of hired killing when they withdrew or were eliminated themselves. Similar phenomena have been seen in Peru, Nicaragua, and El Salvador (the proliferation of armed groups left over from the conflict has made the Salvadoran capital more dangerous now than during the war).

If we view violence in accordance with its own rationale, then the differences between regimes fade. Colombia and the United States are considered to be democratic countries (the legitimacy of their elections is not questioned); yet they are plagued by manifestations of political and/or social violence whose common denominator is a weakened State.

If we apply the criteria of the violence-watchers to the Mexico of 1994, we can detect four instances in which quite significant groups are already outside the monopoly of violence that the State had used with such striking effectiveness.

1. First come the paramilitary groups and factions of police bodies that are completely outside the bounds of legality or legitimacy. The violence that power groups in Chiapas have always engaged in would be a typical example, and the fear that Mexicans have of their police is understandable.

2. The spectacular growth of the drug-trafficking gangs that live within and fuel a culture of violence. These gangs have been expanding on the basis of close ties with certain paramilitary and police groups.

3. Guerrilla groups have been cropping up in Mexico for some 30 years, and until 1994 the State annihilated them. A quite spectacular exception has been the EZLN [Zapatist National Liberation Army], which claims a monopoly on violence in the territory that it controls.

4. All of the above examples interact in a 1,000 ways with a multifaceted social violence. Kidnapings and holdups are manifestations of a phenomenon that has always existed but that seldom before has reached some worrisome levels.

These four manifestations of violence in Mexico have the same cause: State institutions have been losing their monopoly on violence, largely because of distortions in their mandates and their record of corruption. So potent have they become in 1994 that Mexico may possibly be headed down a road that, once it has been taken, is almost impossible to leave.

What can we do about this? One response has been that those who can afford to are arming and defending themselves or adopting more or less effective means of protection. Some have also called for tougher laws and for strengthening the institutions that apply State violence. These are inadequate and even dangerous solutions.

Can you imagine a country in which each citizen keeps an arsenal? Violence would spread in cities and towns that are already marked by aggression. Can you imagine better equipped policemen and a more efficient judicial system? We would only be enhancing their ability to violate human rights; we would only be improving the technology of the executioner.

Experts agree that the true answer lies elsewhere. We must run the risk of strengthening the institutions that apply State coercion, but while imposing such extraordinarily rigorous controls on them that it becomes very difficult for them to abuse their authority. And in order for this to happen, our institutions must be thoroughly democratized.

Otherwise, institutes of higher education may soon establish a special field of study called "Mexican violence-watching."

(Author's note: This article benefited from a conversation with Marc Chernick, a professor at Johns Hopkins University who is studying violence in Colombia and Peru)

Roundup of Economic Developments

PA1411231894

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 14 November.

According to a report datelined 7 November, Mexico City, official sources said today that Mexican exports to the United States have increased in various sectors in the seven months following the implementation of NAFTA. Mexico controls 64.64 percent of the U.S. refrigerator market. Other Mexican exports for which U.S. demand increased include cables, televisions, automobiles, engines, computers, and textiles. (Mexico City NOTIMEX in Spanish 1645 GMT 7 Nov 94)

According to foreign trade analysts, the goals outlined in the National Development Plan for imports and exports presented by President Carlos Salinas de Gortari in 1989 have not been met. The plan predicted that imports would grow at an average annual rate of 4.8 to 5.4 percent between 1989 and 1991, and 5.8 to 6.6 percent between 1992 and 1994. Imports actually grew at an average of 25 percent annually in the past five years. In 1989, exports were expected to grow 3.1 to 3.5 percent from 1989 to 1991, and 3.5 to 4.3 percent between 1992 and 1994, but they actually increased at an average annual rate of 8 percent. In 1989, the trade imbalance began at $2.595 billion and skyrocketed to $18.891 billion in 1993 (not including the assembly plant sector), which constituted an increase of over 700 percent. (Mexico City EL FINANCIERO in Spanish 7 Nov 94 p 28)

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Mexico's industrial production increased 3.6 percent in the first eight months of 1994, the Finance and Public Credit Secretariat reported. The most dynamic sectors included construction, with a 7.6-percent increase; electricity generation, 7 percent; and manufacturing, 2.6 percent. (Mexico City UNOMASUNO in Spanish 8 Nov 94 p 17)

During the current six-year period, the oil industry's contribution to GDP will be slightly over 8 percent, and industrial production will remain stable at approximately 25 percent. In 1994, Mexican Petroleum, Pemex, invested 10.7 billion new pesos—equivalent to $3.2 billion—56 percent of which was invested in major Pemex exploration and production projects; 29 percent in refining projects; and the remaining 15 percent in other areas. (Mexico City UNOMASUNO in Spanish 8 Nov 94 p 20)

According to preliminary figures, commercial exchange between Canada and Mexico has grown 40 percent this year. Daniel Vezina, an official in Canada's Foreign Affairs and International Trade Department, said that Canadian investments in Mexico exceeded $2 billion. (Mexico City EL FINANCIERO in Spanish 9 Nov 94 p 23)

According to a 9 November, Mexico City datelined report, the Bank of Mexico has stated that Mexico's national consumer price index increased 5.56-percent in the first 10 months of 1994. The central bank revealed that inflation increased 0.5 percent in October compared to the level registered in September. The annual rate—from October 1993 to October 1994—reached 6.83 percent. (Mexico City NOTIMEX in Spanish 0237 GMT 10 Nov 94)

A 9 November, Monterrey datelined item cites authorities in the Mexican spare parts industry as saying that the industry grew 3 percent in the first 10 months of 1994 and registered sales of $3.9 billion. The sector is expected to grow 15 percent in 1995, primarily due to the implementation of NAFTA. (Mexico City NOTIMEX in Spanish 0227 GMT 10 Nov 94)

Industrial Development and Trade Secretariat figures reveal that the commercial exchange (exports plus imports) of companies receiving foreign investment has increased at a higher rate than the country's total foreign trade. The participation of companies with foreign investment in global trade went from 33.8 percent to 42.16 percent in the past three years. In this period, sales abroad and foreign purchases from companies with foreign investment jumped from approximately $20 billion to approximately $40 billion. Consequently, total commercial operations by these companies have increased 70 percent in the past three years. (Mexico City EL FINANCIERO in Spanish 10 Nov 94 p 20)

According to official reports on the financial status of Aeromexico and Mexicana de Aviacion, these leading Mexican airlines are on the brink of bankruptcy, with net losses reaching 925.216 million new pesos at the end of the third trimester of 1994. Total joint liabilities amount to 11.0261 billion new pesos, and total joint assets to 11.2049 billion new pesos. In other words, the two airlines' debts equal 98.4 percent of their assets. (Mexico City LA JORNADA in Spanish 11 Nov 94 p 53)

Jacques Lecomte, head of the EU, European Union, delegation, stated yesterday that Mexican exports to the EU dropped 35.5 percent in 1994. Lecomte added that it is difficult to determine whether that reduction is due to NAFTA. According to Lecomte, European sales to Mexico have increased 6 percent, and European investment in Mexico has increased 20 percent. (Mexico City EL FINANCIERO in Spanish 11 Nov 94 p 22)

A 13 November, Jakarta datelined item announced that Mexico and Australia concluded six months of talks on increasing business opportunities with a trade and investment agreement, which will also promote economic cooperation between the two countries. Jaime Serra Puche, Mexican secretary of commerce and industrial development, and his Australian counterpart, Robert McMullan, signed the agreement within the framework of the annual meeting of the Asia-Pacific Economic Cooperation forum, APEC. Mexico is one of the APEC countries with a greater number of commercial and economic agreements. In addition to NAFTA, it has signed free trade agreements with Chile, New Zealand, and Australia. (Mexico City NOTIMEX in Spanish 1317 GMT 13 Nov 94)

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El Salvador

Deputy Minister Views 'Pressure' By U.S. Congress

PA1211002494 San Salvador EL DIARIO DE HOY in Spanish 10 Nov 94 p 55

[FBIS Translated Excerpt] Deputy Security Minister Hugo Barrera has disclosed that he has become the subject "pressure and threats" from the U.S. Congress to dissuade him from his Neighborhood Watch Committees proposal. Barrera made these remarks yesterday morning during a breakfast with businessmen.

During the breakfast, he reiterated his justification for the existence of peasants committees to help combat crime, saying the National Civilian Police [PNC] does not have the manpower to guarantee the safety of Salvadoran citizens. The deputy minister explained that even if the National Academy for Public Security, which provides most of the PNC's agents, were to double in size, it still could not supply enough agents to guarantee public security. According to Barrera, perhaps in the next five years an adequate number of policemen needed to meet security requirements could be trained.

Barrera accused the FMLN [Farabundo Marti National Liberation Front] and other left-wing groups for having complained to the U.S. Congress and claim that El Salvador wanted to return to the past by creating what were formerly paramilitary patrols of the "Nationalist Democratic Organization" (ORDEN). Commenting on the Neighborhood Watch Committees, Barrera said they were neither a new idea nor his invention, but that they existed in other more-developed countries, including the United States, to fight crime.

Barrera described the left-wing complaints as "unpatriotic" and illogical, because they only favor criminals at the expense of the safety of Salvadoran citizens. In turn, the official asked for the support of all unions and all of the people to exert pressure for the establishment of the neighborhood watch committees. "If anybody comes up with something better than the neighborhoods watch committees, let him say so," Barrera said. [passage omitted]

San Miguel Transportation Strike Leaves 2 Dead

PA1511025294 San Salvador Canal Doce Television in Spanish 0100 GMT 15 Nov 94

[Report by Wilmer Lizama and Beatriz Belloso; from the "Up-to-Date" newscast]

[FBIS Translated Text] The situation in San Miguel is tense after a transportation strike turned violent. Two bus fare collectors were killed and five people injured when National Civilian Police [PNC] and soldiers removed some buses that were blocking traffic on the Pan-American Highway at Lolotique junction.

This is what happened during a transportation strike by urban and department route buses in San Miguel. Two bus fare collectors were killed and five people injured, including a sergeant in the Armed Forces. The authorities did not expect the strike to end in violence.

[Begin recording] [First unidentified speaker] This is tragic. We did not want to use violence, but unfortunately there was no other choice. The authorities instructed us to use force against these people.

[Second unidentified speaker] This is regrettable. Someone in the crowd fired a .45-caliber weapon, seriously wounding a soldier. Two others were slightly injured. This is more or less what started the incident. [end recording]

The transportation strike, which began at 0600 on Monday, closed all access routes to San Miguel.

Meanwhile, Deputy Transportation Minister Rafael Alfaro said he will not negotiate until San Miguel entrepreneurs lift the transportation strike.

[Begin recording] [Third unidentified speaker] I do not believe the strike can end until an agreement has been reached.

[Alfaro] Then we will not come to any agreement. I think the idea here is to search for solutions, not to quarrel in front of the media. [end recording]

Such were the heated arguments between eastern route entrepreneurs and Architect Alfaro. While a solution to the strike in San Miguel is being sought, the deputy transportation minister admits that the eastern bus operators are right to demand rules that allow healthy competition between bus and microbuses entrepreneurs, but he firmly rejected the way in which these demands are being made.

[Begin Alfaro recording] As long as the strike continues, there will be no negotiation. Let this be clear. [end recording]

According to the deputy minister, about 93 microbuses have requested routes. Only one microbus was granted a route, therefore it is illegal for the others to continue operating in San Miguel. The ministry has already issued instructions for the PNC to prevent buses from circulating without the appropriate permits.

[Begin Alfaro recording] We had already asked the PNC to seize buses operating without permits. Nevertheless, we notice that they have not been complying. [end recording]

Eastern route entrepreneurs and directors and members of the Public Transportation Association rejected the protest but have asked the deputy minister to take general, definitive measures to prevent, as they called it, a national crisis. There are about 3,000 small buses in the country that are forcing bus entrepreneurs into bankruptcy.

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Guatemala

Makeup of Congressional Committees Assessed

95CA0030A Guatemala City CRONICA in Spanish 7 Oct 94 p23

[Article by Felix Colindres]

[FBIS Translated Text] The game has begun in Congress. To start off the session, the membership of three parliamentary groups was decided on in an air of unusual calm. The chairmanships of the 21 committees that will operate in Congress were distributed: eight for the Guatemalan Republican Front (FRG), six for the National Advancement Party (PAN), and seven for the G-24 [Group of 24], made up of the 24 deputies who sit on the four minority benches.

In an apparently friendly atmosphere each party group took over the chairmanships of the principal committees, including those related to the exercise of state power, those which could extend economic benefits, and, above all, those which could be used for political purposes. The long term objective is the 1995 presidential election.

With the Right Foot

Hardly had the situation settled down in this important part of the parliamentary session when the PAN had already scored two points in its favor. The first involved winning the presidency of Congress and six positions on the Permanent Committee of Congress, which gave it the power to decide what, how, and when questions on the agenda would be discussed. The second point was success in getting the FRG to get down to work. The group led by Efrain Rios Montt had threatened to refuse to participate in the various committees if it was not given the chairmanships of eight of them. The PAN agreed to this request, knowing very well in advance that, with the FRG involved in legislative work, a political fight would be avoided.

As a result of this agreement the PAN now has the chairmanship of the Committee on Foreign Relations. In the view of Fernando Linares Beltranena, former deputy of the Union of the National Center (UCN), the Committee on Foreign Relations is the "favorite child" of Congress. The UCN member states that, in addition to reviewing the foreign policy of the executive branch, there will be opportunities for travel abroad for committee members and diplomatic passports for them. The PAN will also have the chairmanships of the Committees on the Interior and Human Rights. According to political analysts, the chairmanship of the Committee on the Interior is very much sought after because of its relationship with the security forces and because it considers legislation on subjects which affect Guatemalan society. The Committee on Human Rights is important for its relationship with a subject which is currently very sensitive. It is an ideal medium for political purposes. The Committees on Tourism, the Environment, and Indigenous Communities have also been taken over by the PAN, a party which, according to Catalina Soberanis, a former deputy of the Christian Democratic Party (DC), has objectives which go well beyond the legislative sphere: the presidency of the republic.

Second Meeting

After its defeat in the struggle for the presidency of Congress, the FRG is also preparing to take full advantage of the committees which it is presiding over. To some politicians, like Mario Solarzano and Arturo Amtel, the first victory of the FRG consisted of winning the most sought after chairmanship, that of the Committee on Public Finance. With Francisco Reyes as chairman of this committee, the FRG controls the approval or disapproval of the national budget. Furthermore, it will be able to review government expenditures and keep in close contact with economic groups which could be affected by any tax reform program. Proposals to change the principal taxes and to impose others must pass through the hands of the FRG.

Among the committees where an FRG deputy is chairman are those involving Education, Labor, Energy, Ethics, Cooperative Affairs, National Defense, and Decentralization and Development. The Committee on National Defense has considerable power, due to its relationship with the High Command of the Army, although it has never carried out its task of investigating the armed forces. Rios Montt could also have his own political agenda. He is chairman of the Committee on Decentralization and Development. From that position he can increase and consolidate his political support within the country.

The Less Important Committees

Of the seven committee chairmanships which the G-24 demanded, those concerning Public Health, the Economy, and Municipal Affairs belong to the Christian Democratic Party. The majority of politicians consulted agree on the political importance of the Committee on Municipal Affairs, of which Alfonso Portillo is chairman. Through this committee the DC can strengthen its relationships with municipal governments in the interior of the country and try to improve its political image. The National Center of the Union has taken over the chairmanship of three committees: Agriculture, Women's Affairs, and Legislation and Constitutional Questions. The National Liberation Movement (MLN) has only one chairmanship, that of the Committee on Communications and Transportation.

Since the chairmanships of the working committees of Congress have now been distributed, the 80 deputies in Congress are waiting to begin the study of 200 pending draft laws. However, in the view of Arturo Amiel, this Congress of transition will have difficulty in handling controversial laws. That might lead one to think that the efforts of Congress might be directed more specifically at using the committees to win the presidential elections of 1995. If this view is correct, it would be contrary to the opinions of those who think that their two most important tasks are to legislate and rescue the credibility of Congress.

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Honduras

Reina Grants Legal Status to Human Rights Committee

PA1011223894 San Pedro Sula TIEMPO in Spanish 9 Nov 94 p 3

[Report by Daniel Serrano]

[FBIS Translated Text] Tegucigalpa—President Carlos Roberto Reina granted legal status to the Human Rights Defense Committee (CODEH) yesterday, after a 13-year wait.

In addition to President Reina, CODEH Chairman Ramon Custodio, Government and Justice Minister Efrain Moncada Silva, Prosecutor General Edmundo Orellana, Honduran Bar Association President Jorge Ponce Turcios, and Economy and Commerce Minister Delmer Urbizo were present on the dais of the function, which was held in Tegucigalpa's San Martin Plaza Hotel.

President Reina said in his speech before handing the document to Ramon Custodio that CODEH now enjoys its full rights although it has always been a legitimate organization.

The name of this institution is etched in the collective memory of society according to the president. "Its main leaders and anonymous activists are part of our history, as their records underscore the exhausting and dangerous work of an organization devoted to the noble ideal of defending and protecting people and their individual and collective rights," he said.

He added the struggle for one's rights is the struggle for man and society, for their development. "We are necessarily talking of human development when we talk of modernity and progress today."

The CODEH president, in turn, thanked the founders of that organization, Manuel Acosta Bonilla, Jose Sarmiento, Mauricio Villeda Bermudez, and Guillermo Molina Chocano, "for allowing me to belong to this civil rights organization."

"We can say today we never felt illegitimate although we were regarded as illegal, because we had our origins in the principles and values befitting a pressure group with moral authority," he said.

Custodio said equality under the law will be less and less utopic as truth prevails over the concealment of crimes, which is where impunity begins and ends.

Other personalities attending the function were poet Roberto Sosa; Liberal Deputy Gautama Fonseca; Gloria Oqueli, director of the National Executive Branch Employees and Officials Retirement and Pension Institute; lawyer Manuel Acosta Bonilla; U.S. Ambassador William Pryce; and Spanish Ambassador Jose Manuel Lopez-Barron.

Nicaragua

Daniel Ortega Criticizes Demand for Return of Cuban Embassy

PA1511044394 Managua Radio Sandino in Spanish 1200 GMT 14 Nov 94

[FBIS Translated Text] Commander Daniel Ortega, secretary general of the Sandinist National Liberation Front [FSLN], this past weekend called on the Nicaraguan Government, through the Foreign Ministry, to suspend all aggression against the Cuban Embassy accredited in the country. According to the OOT [Office for Territorial Organization] and Judge Encarnacion Castaneda, the building housing the Cuban Embassy in Managua must be returned to its original owner.

Ortega said Nicaragua owes a debt it can never pay to the Cuban Government and people and that any attempt to evict the diplomatic representation is distressing to the Nicaraguan people.

Here is what the Sandinist leader said during his address to more than 500 mothers of soldiers killed defending the revolution.

[Begin Ortega recording] Everyone is well aware of the effort made by the Cuban people to express their solidarity with the Nicaraguan people. Everyone is also aware of the Cuban people's solidarity, including their solidarity with the Nicaraguan mothers who were left without any support, peasant mothers and working mothers. They were all able to receive free medical attention in Cuba under conditions unimaginable in any other country of the world due to the cost involved. In Cuba they received free medical attention.

The Cuban people's generosity, its government, the Cuban Communist Party [words indistinct] efforts and solidarity were more than unselfish. Cuba has been [words indistinct] difficult. As Raul Castro said when he visited our country following several floods—a time when Cuba once again came to our aid—Cuba is willing to share its bread with its Nicaraguan brothers. Without a doubt, we Nicaraguans have no way of repaying Cuba.

How is the government repaying Cuba? Deputy Foreign Minister Jose Pallais, the government spokesman, is repaying Cuba by seizing a property that was obtained legally by the Cuban diplomatic representation in our country. The Cuban diplomatic representation, with all justification, has refused to accept the court's ruling.

What has Deputy Minister Pallais done in retaliation? He has threatened to break relations with Cuba. I believe it is important to emphasize that a break in relations with Cuba will undoubtedly represent a break in relations with the Nicaraguan people. The Nicaraguan people know how to express their solidarity with the Cuban people. We are urging the government to carefully consider and rectify its position. At any rate, not to lose [words indistinct] as Deputy Minister Pallais, who has

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been linked to the most reactionary and conservative sectors [words indistinct] not to go around making his own policies against the Cuban people, or against the affection felt by the Nicaraguan people for the Cuban people. [end recording]

Further on Dispute With Cuban Embassy

PA1411174994 Panama City ACAN in Spanish 1611 GMT 14 Nov 94

[FBIS Translated Text] Managua, 14 Nov (ACAN-EFE)—The Nicaraguan Government has informed the Cuban Government today, Monday, about its "complete willingness" to seek a negotiated solution to the conflict that emerged after a Managua judge ordered the Cuban Embassy to return a residence claimed by a Nicaraguan citizen.

The Nicaraguan Government has informed the Cuban Embassy about its "complete willingness" to seek a negotiated settlement to the conflict "with the purpose of maintaining the cordial relations that exist between the two countries," the Nicaraguan Foreign Ministry stated in a communique.

Former President Daniel Ortega said on Sunday that the government of President Violeta Chamorro is threatening to break relations with Cuba if the Cuban embassy in Managua does not return the property, which is located in the exclusive Las Colinas neighborhood.

The property was acquired by the Cuban Embassy through Law 85, which legalizes property ownership by individuals who were assigned houses by the previous Sandinist government and who had been living in them since 25 February 1990 when the law was enacted after the Sandinists lost the elections.

Encarnacion Castaneda, 4th Criminal District Court judge, ordered the Cuban Embassy to move out of the building after its former owner, Nicaraguan citizen Azucena Castillo Barquero, filed a lawsuit before the courts.

In the communique released in this capital, the Nicaraguan Foreign Ministry noted that the administrative and judicial resolutions issued by Nicaraguan authorities, in accordance to national laws, "must be complied with" by the Cuban Embassy.

The Nicaraguan Government not only has the duty to respect the diplomatic immunity of embassies, but also has the constitutional duty "to grant protection" to Nicaraguans, whose rights may have been "violated" by the embassies accredited in this country, the Nicaraguan Foreign Ministry communique stated.

Recontra Attack Leaves 6 Miskitos Dead, 14 Missing

PA1211002394 Managua BARRICADA In Spanish 11 Nov 94 pp 1, 4

[Report by Juan C. Sarmiento and Jairo Cajina]

[FBIS Translated Text] Jinotega and Managua—At least six Miskito Indians were killed and another 14, including children, are missing, following the sinking of a canoe and an attack by 100 armed people on the town of Nueva Esperanza, 250 km north of this capital.

At press time for this edition, and before radio communications were interrupted, townspeople reported that Army troops were deployed by helicopters to the area—a very remote jungle region on the border with Honduras along the banks of the Coco River.

Yesterday, the only contact possible with the frightened population was through Reverend Norman Bent, of the Moravian Church, and his ham radio.

Desperate people reported on the situation over the airwaves. Horward Fernando, the person with a ham radio in San Andres de Bocay, has reported that the first attack on the Miskito village took place yesterday at 0600.

The area is only accessible by helicopter because it takes more than 15 days to get there on foot. Over the past decade, this region was used by armed groups as a resting area.

Fernando shouted over the radio: "The situation here is one of panic and distress and no one wants to talk." A Sandinist People's Army [EPS] vanguard unit has arrived in the area but has not yet established contact with the attackers.

Until yesterday, the most shocking report was provided by neighbors who spoke about the alleged sinking of a canoe in which approximately 14 people were traveling, but this report has not been confirmed by the Army.

The fighting heightened early yesterday morning and continued through noon today, according to the Moravian Church.

It is believed that the armed group is headed by Charro and Northiel [Wilfredo Chavarria], who operate in the Raiti region, deep in the Coco River jungles, between Yapalcarani and San Andres de Bocay, according to military information not confirmed by the EPS High Command.

The unidentified victims were killed by a recontra group that appeared in the community to search for weapons, but an argument ensued and Northiel's recontras fired on the Indians.

The site of the crime is a sanctuary for rearmed chieftains Northiel, Charro, Tactico, and Lobo who use the place to rest their men, taking advantage of the lack of Army troops who evacuated the area four years ago because of the Armed Forces reduction.

Being a far-flung no-man's-land, North Jinotega, on the border with Honduras, is constantly harassed by rearmed groups. One month ago, Lobo, a recontra chief,

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arrived with his men at a Miskito community and beat 20 Indians, leaving them tied to trees.

Although not confirmed by the commanders of the 6th EPS Command, police report that two months ago Lobo killed a family in Raiti because the members were supposedly Sandinists.

Subcommander Angel Gonzalez, chief of the Jinotega Police Department, has reported, "in October, Northiel's men killed another six peasants of the region because, according to the armed group, the peasants were thieves."

Gonzalez said two months ago two investigation officers were assigned to the area and that they have confirmed that Lobo had tortured 30 Miskitos because they refused to turn over weapons to him.

Panama

Foreign Minister: Country Seeks APEC Membership

PA1411171594 Madrid EFE in Spanish 0803 GMT 14 Nov 94

[FBIS Translated Text] Hong Kong, 14 Nov (EFE)—Panamanian Foreign Minister Gabriel Lewis Galindo has arrived in Hong Kong for a private visit. He met with local businessmen and investors as a preparatory step to requesting his country's admission into the Asia-Pacific Economic Cooperation (APEC) forum. The APEC presidential summit is currently being held in Indonesia.

"The main reason for this trip is to gather all necessary information to prepare a formal request for Panama's admission into APEC," Lewis Galindo told EFE today.

"The group that comprises APEC is very important for us, because its members are the leading users of our great heritage—the Panama Canal," he explained.

Lewis Galindo also stressed the economic recovery plans being implemented by the new government of Ernesto Perez Balladares by saying, "Panama's economic structure is currently suffering a transformation."

The country is conducting negotiations "for our prompt admission into the GATT as a preliminary step to our admission into NAFTA."

In the local arena, the administration's new policy "is mainly based on the fight against poverty," and in an attempt to improve living conditions, the government plans to promote the creation of jobs and "improve the intellectual levels of Panamanians."

"As a part of this project," he added, "we plan to use some of the infrastructure that will be reverted: all lands and real estate owned by the U.S. Government," and which, according to the Torrijos treaty, will be returned to Panama on 31 December 1999.

"We are trying to prepare Panamanians for the 21st century to enable them to take advantage of this substantial strategic wealth, which has vital significance for the emerging economies in Asia," he added.

Jose Antonio De la Ossa, director of the National Bank of Panama, is accompanying the minister on this trip. According to De la Ossa, most of the $3.5 billion budget allocated for 1995 will be used in the campaign to reduce poverty and be invested in areas such as education, housing, and health.

Although the allotments do not deal with the restoration of the infrastructure, there is a plan to award concessions for which the contractor not only has the right to build and finance, but also to operate the installations. This concept is being considered in the construction of a hydroelectric plant, several highways, and other large projects.

In discussing privatization, he said Perez Balladares "has approached the problem in a different manner than Argentina or Chile. The principle is not to sell but to create legal corporations, and, in this way, we understand the president's desire to 'corporatize' certain public services.

"According to this formula, all assets of INTEL (National Telecommunications Institute) will become part of one such company. The government will reportedly sell 49 percent, retain 49 percent, and give the remaining 2 percent to the employees in a trusteeship," he explained.

The price of that 49 percent could exceed $1 billion and will reportedly entail capital investments worth some $540 million, De la Ossa stated.

Other changes will be implemented in the labor sector and there will be a reduction of duties on imports, which will be promoted by the country's admission into GATT. The negotiations on Panama's admission into GATT will begin in early 1995. De la Ossa pointed out "it will be much more difficult" in the area of agricultural-livestock products.

Lewis Galindo said the agreement with the United States to receive 10,000 Cuban rafters for a period of six months will not be renewed. "We hope a solution to this issue will be found before the deadline is over."

U.S. Request for Tariff Reduction Concerns Businessmen

PA1411041494 Panama City LA PRENSA in Spanish 13 Nov 94 p 33-A

[Report by Julio Cesar Aizprua]

[FBIS Translated Text] The United States has presented Panama with a document requesting a tariff reduction of 15 to 20 percent, a halt to the subsidization of Panamanian exports, and that the country be party to a chemical reconciliation [armonizacion] agreement.

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The document, known as the U.S. Tariff Request of Panama [previous five words in English], requests that Panama reformulate its tariff system within the framework of the concessions the Canal country must make to join GATT.

Panama will hold its first bilateral meeting with the United States on 21 November in Washington to discuss GATT membership in what is foreseen as a "difficult negotiation."

The difficulty of these negotiations, according to the private sector, is the fact that the United States is requesting a tariff reduction that "will destroy Panama's productive sector."

According to the Tariff Request, the stipulated rates will go into effect the moment Panama joins GATT. These rates are lower in some cases than rates granted other countries.

The United States maintains, according to the document, that the requested tariffs are consistent with the Panamanian Government's economic plan to reorganize its tariffs and deregulate trade.

For each of the products in question the United States requires initial negotiation rights, although it specifies that these tariffs will not be subject to any other import tax.

Juan Pascual, a Pascual cookie company board member, told LA PRENSA that the situation "is very serious" because "there are rumors" that the Panamanian negotiators are interested in accepting the entire Tariff Request because it is a condition for loans to the national government.

Nevertheless, Pascual pointed out that under no circumstance can the government be so "foolish" as to trade Panama's industry and agriculture for loans.

Among the more than 450 products for which the United States is requesting tariff reductions are cookies, from 40 to 5 percent; oranges, from 157.5 to 15 percent; tobacco, from 20 to 10 percent; and cigarettes, from 90 to 10 percent.

The request also mentions alcoholic beverages, from 60 to 10 percent, and processed ham, from 90 to 15 percent, among other products.

The only products for which tariffs can be increased are seasonings, which are currently fixed at 13.5 percent and for which the United States is requesting 15 percent.

Pascual said the Panamanian Government should not yield on approximately 45 items, or, in other words, 10 percent of the items on the list. The problem, however, is that the 10 percent represents 75 percent of Panama's agriculture and industry." The businessman also said that many industries will close down.

In the opinion of Juan F. Kiener, first vice president of the Association of Panamanian Industrialists, the U.S. requests are "very harsh" because they reduce the compensation granted by the state for costs it imposes on production structures.

Kiener explained that a tariff reduction will not resolve the problems of Panama's industrial sector and will place the sector in a disadvantageous position.

He explained that Panama's participation in the chemical reconciliation agreement means that tariffs for those products, which include plastics, may go from 0 to 5.5 and 6.5 percent ad valorem.

The industrialist observed that only a few weeks remain before Panama begins the negotiations for induction into GATT, but the private sector still does not know the government's position on the Tariff Request, a situation which has created uncertainty among producers.

LA PRENSA was unsuccessful in its attempts to locate government trade representatives for their views on the subject.

PTJ Lists Areas Used for Drug Trafficking

PA1511011494 Panama City EL PANAMA AMERICA in Spanish 14 Nov 94 p E-16

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] According to a Judicial Technical Police [PTJ] report to which EL PANAMA AMERICA gained access, Darien and Colon Provinces and the Kuna Yala Region are important doors for the introduction of drugs into the country. The locations most used for shipping drugs to North America are in Bocas del Toro and Chiriqui Provinces.

The document reports that the strategic geographic positions of these provinces make them important to national and international drug traffickers who transport drugs by air and sea.

The report adds that in recent years the Cali and Medellin Cartels have extended their influence beyond Panama City into the country's remotest areas, where drug consumption has risen "at an alarming rate."

The report reveals that drug traffickers operate from 39 points in Panama.

In Chiriqui, the drug-trafficking centers are in Punta Burica, Puerto Armuelles, and Paso Canoa; in Bocas del Toro, they are in Rambala, Sixaola, Almirante, Guabito, and Changuinola. In Azuero, they are in El Rompio Beach, Bucaro, and Mensabe. In Veraguas, they are in Sona and Mariato.

In Colon, the authorities have detected drug trafficking activities in Portobelo, Palenque, Santa Isabel, Pina, the Free Zone, and Cristobal Port. There are reports that

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mention Jaque, Yaviza, Menene, Cerro Pirre, Turqueza, Tupisa, Pucuro, and Cerro Tacarcuna in Darien Province.

Drug trafficking and consumption are increasing because Panama, like other countries with similar problems, served as a bridge for the transportation of drugs for many years. Increasing world drug supplies are now flooding the territory, the report states.

The drugs most often consumed in Panama are cocaine, marijuana, and bazuco [mixture of cocaine paste and marijuana], in that order.

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Argentina

Menem Views U.S. Elections, Americas Summit

PY1411135994 Madrid EFE in Spanish 0250 GMT 11 Nov 94

[FBIS Translated Text] Lima, 10 Nov (EFE)—Argentine President Carlos Menem said on 10 November that U.S. President Bill Clinton has not suffered a definitive political defeat and that the situation may be reversed in future elections.

Menem, who is believed to be Clinton's "firm ally," added that "the same thing happened" to former President George Bush during his term in office "and later he recovered and won other elections."

During a news conference held minutes before ending his official two-day visit to Peru, Menem said: "In politics nothing is absolute. Everything is relative. Today's defeat may become tomorrow's victory, and President Clinton has other elections ahead of him, including the possibility of reelection."

The Argentine president added that during the upcoming "Summit of the Americas"—in Miami from 9 to 11 December—he will propose a discussion on the issue of democracy in Cuba.

He said: "I believe there is a human rights problem (in Cuba). I believe individual freedoms and other rights are curtailed. These should be viewed within the framework of discussion on the democratization process that will be broached at the summit."

Menem added: "We will undoubtedly discuss the Cuban issue. At least this is what we will propose and we will seek prompt solutions."

He said that in addition to the democracy issues, Argentina hopes the president of the Américas will also discuss sustainable development, narcotrafficking, and trade.

Regarding trade, Menem said Argentina is interested in joining NAFTA—which comprises Mexico, Canada, and the United States—"but the decision is up to NAFTA members."

He said: "Like other countries in the region, Argentina is ready, but it is not up to us to decide this."

Regarding the increased flow of Chilean capital into Argentina and other countries in the region, including Peru, Menem said "there is nothing to fear" from these investments.

After stating that Argentina is also receiving investments from the United Kingdom, with which it went to war in 1982, Menem said: "No one can overlook the fact that there is a globalization of the economy, and we have to adapt to it if we do not want to be left behind."

Future U.S. Internal, External Policies Viewed

PY1411150394 Buenos Aires CLARIN in Spanish 11 Nov 94 p 16

[Editorial: "A Drastic Turnabout in the United States"]

[FBIS Translated Text] The very large change among North Americans toward the Republican opposition was more widespread than expected in the mid-term elections to renew federal and state congressmen, governors, and local posts.

The results of these elections, added to the referendums called in several states, offer a multifaceted display of the economic, socio-cultural, and demographic mutations in the United States, and shows how these profound changes affect different sectors of the population.

The chosen beneficiary of this protest vote, which seeks to place obstacles in the path being followed by Bill Clinton, is a Republican Party that has turned radically toward the right. It has obtained a majority in the two chambers for the first time in 40 years and obtained most of the governorships that were in play. The electorate, which critically distanced itself from the public affairs administration and the functioning of its representative institutions, also found the opportunity to demonstrate a state of mind that is markedly defensive in the face of what can be seen as social threats and a lack of security in various sectors. A high degree of absenteeism and a campaign verging on cynicism are clear indicators of the non-conformity of those who did not have the motivation to turn up and vote.

Even though the economic indicators are favorable, Clinton has received an account of the promises he could not fulfill—like the health care plan—and, through his gestures, attitudes, and initiatives, seems to have irritated the more conservative moral groups of his country.

The approval of "Proposal 187"—which calls for the withdrawal of social services for undocumented immigrants in California—is a clear reversal of the principle of "positive state action" in favor of minorities, as supported by the Democrats two years ago. Expenditure cuts, fiscal and police operations, and a moralizing spirit are the "positive actions" now expected from governors and congressmen.

The consequences of this overwhelming double protest against the governing Democrats, and this discontent toward traditional political leadership may be paradoxical.

The horizontal shift within the biparty system will herald a dynamic change in its political traditions: The balance and counterbalance of the executive and legislative branches. At the same time, however, the results at the ballot boxes also pointed a potential coalition that could challenge these traditions.

Unforeseen political and commitment formulas must certainly be sought to resolve this impasse, which will

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have unavoidable repercussions on the foreign and hemispheric policies that Washington has implemented.

The satisfaction by international financial circles and the concern of Central American countries and Mexico reflect the contrast. Strategies to encourage the integration of markets and the expansion of democracy have been carried out with all their ups and downs, but now we are faced with some questions regarding their future, and the approval of both GATT and the upcoming Summit of the Americas, which could eventually lead toward isolation.

Editorial Views U.S. Elections, Repercussions

PY1411164494 Buenos Aires LA NACION in Spanish 11 Nov 94 p 8

[Editorial: "The Vote of the North Americans"]

[FBIS Translated Text] Even if the polls clearly indicated the defeat of President Clinton's Democrats in the elections for legislators and governors half way through his mandate, the overwhelming victory by the Republicans was clearly beyond the wildest dreams of the opposition. It is the most ample victory by the Grand Old Party in nearly 50 years, and will strongly influence the government's actions during the next two years. Any hypothesis regarding the presidential elections for the final mandate of the 20th century must now be reviewed.

The reasons behind this brusque swing to the right of the U.S. electorate lose some importance when the reasons for voting for the Republicans are viewed; everything shows three factors were decisive when the time came to vote. One is the sensation of failure of the proposals that just two years ago enhanced Clinton's position with a predominantly Democrat Congress; second comes a certain excess of liberalism (as they understand the term up there) within his administration, attributing to it a variety of issues—from a certain tolerance toward crime to concessions for homosexual groups; the third factor is a shocking dissatisfaction over matters like education, social protection policies, taxes, and personal security. On top of all this comes the president's personality, which has generated resistance and even rancor within his own party.

There are yet other factors that seem to influence the two large political forces: A lack of overall confidence in the administration of the state, a lack of confidence in Washington's power structure, and a persistent lack of confidence regarding the future in a world where accelerating changes are demanded of men and institutions in a permanent effort to adapt to a situation that is not always successful. It is probable that all this has had a substantially negative effect, both regarding Clinton's victory in 1992 and his disastrous defeat the day before yesterday, on the current occupiers of the White House.

Now the results are known it now seems more important to think about the consequences and to foresee the effects rather than to analyze the causes. Winners and losers have proposed and agreed to carry out a joint task during the coming 2 years, convinced that aspirations and responsibilities must be shared. Yet public opinion fears there will be a certain paralysis in the official management due to the difficulties the White House faces in getting its initiatives through Congress, and a reciprocal resistance by Clinton to approve Congressional decisions.

Predictably, the main confrontations will occur over the essential matters the Republicans have included in their program entitled Contract with America: More energetic action against crime, tax reductions and exemptions, a certain re-establishment of defense expenditures, a restructuring of social expenditure—in complete contrast to the levels proposed by the Democrats, and the restoral of traditional principles regarding the family and education that seem to have been impaired.

Maybe the most tough restrictions will come over the budget, which in a certain way sums up all the others: Republicans have even considered a constitutional amendment to balance the budget by mandate despite, or as a consequence of, the fact that 12 years of Republican governments under Reagan and Bush were unable to reduce the large imbalance in the fiscal accounts. Naturally, the topic is very important for the development and balance of the world economy.

From a Latin American viewpoint the results of the election will cool the expectations of governments and of the private sector regarding proposals for close trade integration throughout the continent. At the beginning of the year President Clinton called for a Summit of the Americas at which the hemisphere's presidents will meet in Miami in precisely 1 month. The creation of a vast trade zone "from Alaska to Tierra del Fuego"—to use an expression coined by George Bush when he launched the idea—occupied first place on the agenda; but if the forecast short-term results were already unclear and not very encouraging, the unknown factors that may now appear after the elections will attenuate any enthusiasm the meeting might provoke. For the time being the government does not seem to have made any progress toward the approval of the Uruguay Round of GATT after 7 years of discussions in which Washington assumed a leading role and placed its prestige on the line.

Therefore, a period of expectations and uncertainty has now been opened which, of course, will not just affect the U.S. political scenario; whatever happens between the White House and the Capitol—and how this will affect the U.S. economy—will reverberate throughout the world. The international community hopes administration and congressmen alike will assume the very important responsibility that is implicit in the undertaking of a planetary leadership that circumstances are always putting to test.

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Chilean Envoy Opposes Laguna del Desierto Ruling

PY1411192494 Buenos Aires TELAM in Spanish 1732 GMT 13 Nov 94

[FBIS Translated Text] Cipolleti, 13 Nov (TELAM)—On 13 November, Eduardo Rodriguez Guarachi, Chilean ambassador to Argentina, voiced his disagreement with the arbitration court ruling whereby Argentina has been awarded sovereignty over Laguna del Desierto. He reiterated that his country might appeal the ruling.

Rodriguez Guarachi said: "I do not agree with the ruling." He nonetheless acknowledged that an international appeal may only be lodged "if there are the necessary legal elements that warrant it."

He stated that "two Chilean experts and a French one are at present analyzing whether there have been possible material errors or forgery of documents," and that a final position will be adopted based on the conclusions reached by this commission.

In any case, the Chilean ambassador considered it "quite likely" that the commission will uphold the ruling of the arbitration court, and conceded that "if this is the case, there is nothing we can do but accept it."

The ruling of the Latin American Arbitration Court, which granted Argentina sovereignty over an area of 530 square kilometers on the border between Santa Cruz Province and Chile, provided that all appeals of the said ruling have to have been lodged by 15 February 1995.

The Chilean ambassador made these remarks in the town of Cipoletti, located in the upper Rio Negro valley, during the Sixth Meeting of Chilean Associations of Southern Argentina.

Brazil

Cardoso Offers Health Ministry to Ciro Gomes

PY1411220294 Rio de Janeiro JORNAL DO BRASIL in Portuguese 12 Nov 94 p 1

[FBIS Translated Text] Finance Minister Ciro Gomes and Deputy Jose Serra (PSDB-SP) [Brazilian Social Democracy Party-Sao Paulo] have already been formally invited to join the administration of Fernando Henrique Cardoso on 1 January. Gomes would be health minister and Serra the education minister. Neither Gomes nor Serra has yet given his final answer to Cardoso. Initially, Cardoso was planning to announce his cabinet after Christmas, but he has now decided to make the announcement during the first week of December to give time to his ministers-designate to form their working teams. PSDB Secretary General Sergio Motta will serve as either a cabinet minister or as head of a state-owned company in the area of infrastructural facilities. Deputy Nelson Jobim (Brazilian Democratic Movement Party-Rio Grande do Sul) has already been sounded out to become Cardoso's justice minister.

Neoliberal Influence in Congress Indicated

PY1511023294 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Nov 94 p A4

[Article by Joao Domingos]

[FBIS Translated Text] The political profile of the Chamber of Deputies will change as a result of the 3 October elections. The center group will be larger, the center-left will be smaller, the left will increase slightly, and the right will decline. In accordance with a survey conducted by the Interunion Department of Congressional Advisers (DIAP) [Departamento Intersindical de Assessoria Parlamentar], the trend reflects the emergence of a larger number of advocates of neoliberal ideas, though disguised behind social democratic speeches.

DIAP is a union advisory organization that lobbies in Congress and published the book "Who's Who in the Constituent Congress." DIAP has concluded that the new Chamber of Deputies "will be more provincial than the present one," but noted that the new deputies will bring about renewed ethical standards.

According to DIAP, the leftist bloc will increase in the Senate. The Workers Party [PT] bloc has increased from one to five senators; the Brazilian Socialist Party has retained its one seat; and the People's Socialist Party [PPS] has won a seat. Only nine of the 20 senators who sought reelection succeeded in their bids.

The DIAP study, which will be published later as a book with the title "X-Ray of the New Congress," states that the Senate has won in "quality, seriousness, and dynamics by doing away with its reputation of engaging in political patronage and of being slow in making decisions." DIAP notes that traditional, provincial politicians have lost ground.

The Senate will consist of 23 businessmen, 21 attorneys, nine engineers, seven economists, six professors, four physicians, three journalists, two public servants, a banker, a sociologist, a police inspector, a veterinarian, an anthropologist, and a senior mason.

DIAP believes that the right and the left will be the focal point of controversies in the Senate. Yet the center bloc will be the largest one. Cited among the leftist senators are Darcy Ribeiro (Democratic Labor Party-Rio de Janeiro), Eduardo Suplicy (PT-Sao Paulo), Ademir Andrade (Brazilian Socialist Party-Para State), Lauro Campos (PT-Federal District), Roberto Freire (PPS-Pernambuco State), Benedita da Silva (PT-Rio de Janeiro), Marina Silva (PT-Acre), and Jose Eduardo Dutra (PT-Sergipe). Leading names in the right wing bloc are Jose Eduardo Vieira (Brazilian Labor Party-Parana), Vilson Kleinubing (PFL-SC) [Liberal Front Party-Santa Catarina], Antonio Carlos Magalhaes (PFL-Bahia),

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Francelino Pereira (PFL-Minas Gerais), and Esperidiao Amin (Progressive Renewal Party-Santa Catarina).

Leading names in the progressive center bloc are Jose Serra (PSDB-SP) [Brazilian Social Democracy Party-Sao Paulo], Artur da Tavola (PSDB-Rio de Janeiro), Pedro Simon (PMDB-RS) [Brazilian Democracy Movement Party-Rio Grande do Sul], Josaphat Marinho (PFL-Bahia), and Roberto Requiao (PMDB-Parana). Among the more conservative wing members of the center bloc are Iris Rezende (PMDB-Goias), Jose Sarney (PMDB-Amapa), and Sergio Machado (PSDB-Ceara). Moving from one faction to another are Renan Calheiros (PMDB-Alagoas), Jose Inacio Ferreira (PSDB-Espirito Santo), and Bernardo Cabral (Popular Party-Amazonas).

BNDES President Views Real Plan, Interest Rates

PY1211020094 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Nov 94 p B4

[Interview with Persio Arida, president of the National Bank for Economic and Social Development, by Suely Caldas in Rio de Janeiro; date not given]

[FBIS Translated Text] Rio de Janeiro—The Long-Term Interest Rate [TJLP], which was created last week and which is essential for reducing industrial costs and creating jobs, will remain between 15 and 20 percent a year. This is far below the 50 percent interest rate currently charged in the market. The creator of the TJLP, National Bank for Economic and Social Development (BNDES) President Persio Arida, explains in this interview why it will remain at that level. He says it will have an immediate effect because it will not only be applied to the loans borrowed as of 1 December but to all the credit contracts already in the BNDES which will automatically convert them according to the new rules.

Persio Arida—the most liberal member of the economic team chosen by president-elect and former Finance Minister Fernando Henrique Cardoso—said that those who want to increase the minimum wage belong to the "illusionary world of the indexation of the economy." He ruled out that such possibility should take place before the end of the year. In this interview, Arida defends the privatization of federal and state banks, the end of the prohibition on importing used cars, and a tax exemption for the importation of economical cars as a solution to end the practice of car dealers charging under-the-table prices. Arida says he feels calm regarding the current situation of the Real Plan. "The inflation rate varied at the beginning in all stabilization plans," he said. "In Argentina," he said, "one day it climbed, another it dropped, and that did not frighten anyone." The pressure exerted by the businessmen also does not frighten Arida, who is confident about the demand being under control and the inflation rate being at acceptable levels through Christmas.

[Caldas] How will the new TJLP be calculated?

[Arida] First, we must explain how the TJLP was created. We must consider three important events that occurred this year. The first one was an agreement [with international creditors] making Brazilian foreign debt long-term titles fully negotiable. The second important event was the prospect created by the Real and the stability Plan, which gave the Treasury a chance to issue long-term domestic debt titles. The third factor was a measure that will give Brazilian and foreign savers access to both types of debt titles. In the past Brazilian foreign and domestic debts were two well-separated things. Domestic debt titles were sold to Brazilian savers while foreign debt titles were sold to foreign savers. Today both groups can purchase both types of debt titles. This innovation will make both types of debts' long-term interest rates tend to converge. This financial economic opening—foreigners investing here and Brazilians investing abroad—made the TJLP possible.

[Caldas] Then, both debt title interest variations will determine the new rate, will they not?

[Arida] Yes. Those variations will be used as TJLP indicators. The two are determined by the market, we are not inventing anything. The first indicator showing the profitability of Brazilian foreign titles can already be used. The second indicator cannot be used yet because we still do not have a long-term domestic debt. But we will have one soon. Obviously, the interest of a title that includes foreign interest rates varies all the time, just as anywhere in the world. Contrary to what people think, if foreign debt titles' interest rates rise, long-term interest rates drop. At the beginning we will use foreign debt titles' mean profit rate, observed during a certain period of time, and applied to future three-month periods. The period used elsewhere is six months, but we want to be prudent and use three-month periods.

[Caldas] Will the TJLP also be used to pay interest on BNDES administered compulsorily retained funds in order to coordinate deposits and disbursements?

[Arida] Those funds (PIS-PASEP [Social Integration Program - Government Employees Welfare Fund], Workers' Support Fund, and Merchant Marine Fund) are 100 percent guaranteed by the Treasury. They were considered long-term deposits even though they received interest according to the system used for saving accounts, or as 30 day deposits. This created a distortion because financiers found it difficult to transfer 30 day interest rates into 60 day, one year, five year, or eight year rates.

[Caldas] How did labor federations receive the change in the way the two workers' funds are paid interest?

[Arida] I am going to talk with union leaders next week. The question of temporary losses or gains is wrong. What is important is that those funds have long-term profitability. If interest rates are low at the beginning of the process, we should not worry because the situation will

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be the opposite in the medium term. Workers are concerned about the creation of jobs, but the implementation of long-term credits to finance production will create more jobs.

[Caldas] How high will the TJLP be today if we use that indicator?

[Arida] The National Monetary Council still has not decided what method to use. It will depend on the title that is chosen and the period that is being considered. We are speaking about rates of 15 to 20 percent a year.

[Caldas] Will some expectation of future inflation be included in that rate?

[Arida] It does not include any adjustment for inflation. The rate will be established by the market. The TJLP will show whether the market is influenced by inflation. Economic authorities will not give any figures for the expected inflation rate. In the United States long-term rates are higher than short-term rates. The opposite occurs only in the initial stages of a stabilization process. Long-term rates will drop along with the progress in the stabilization process. Short-term rates will drop even more. For instance, in the United States long-term interest rates are around 8 percent and short-term rates between 4 and 5 percent. In Brazil, the long-term rate, as indicated by the foreign debt, will fluctuate between 15 and 20 percent depending on the period we take into account. It is a lot lower than the current short-term interest rate that stands at around 50 percent.

[Caldas] It is expected that there will be a run on those resources, which are much cheaper than the ones available on the market, and that they will be diverted for financial applications. What will happen if this comes true?

[Arida] That is very unlikely. The BNDES is very strict in its controls and requirements for collateral. Moreover, projects must meet pre-established priorities. A credit for funding an operation by the Finame [Fund for Financing Machinery and Equipment], for example, is only released once it has been proved that the machinery has indeed been purchased. We are not giving out money for operational costs.

[Caldas] What is the effect of that rate on the economy?

[Arida] The basic thing is that it is indicative of a reduction of industrial production costs in Brazil. In an increasingly open economy, productions costs must be cut so as to compete with imported products. We would go astray if we established a closed economy. The right alternative is to further an opening drive in a more resolute way than what is being done at present while reducing production costs at the same time. This is what really interests workers. The most efficient way to increase real wages, the purchasing power of people, is not by increasing the nominal salary, but rather by trying to do things in a way that the same nominal salary may be able to buy a larger quantity of goods. This can only be achieved through competition. We must open the economy so as to allow as much competition as possible, but we must also reduce our production costs.

[Caldas] Should we then put domestic costs on a par with international costs?

[Arida] That is a priority question which we must settle. Investors in other countries have the benefit of a much lower TJLP than ours. The Brazilian TJLP is still higher than those prevalent in countries that have stabilized their economy because present market conditions so require. I must say that there is still much to do to put domestic and international costs at par. To that effect, it is central to effect a tax reform together with a reduction in workers' allocations. Those are the three factors that make up the core of the Brazilian cost and they must be reduced. This is the best way to face foreign competition and to improve employment levels. I am convinced that a major employment policy in Brazil at present should entail a reduction of industrial production costs.

[Caldas] The provisional measure establishing the TJLP foresees that the National Monetary Council [CMN] may determine the application of that rate for other financial assets and liabilities. Is this the beginning of the deindexation of the financial market?

[Arida] I would say that it is undoubtedly a first step. If the CMN uses that prerogative, it will do so respecting the principle that those rates will only apply to long-term liabilities.

[Caldas] If the TJLP applies only to new credit contracts, the effects on the cost of production and creation of new jobs will not be immediate because industrial sector investments have a maturity period, right?

[Arida] The TJLP will apply not only to new contracts but also to all BNDES contracts. In this regard, the rate will immediately reduce costs for all investments that are about to be implemented or that are being implemented. Its immediate effects will be much stronger.

[Caldas] If the rate will also apply to the existing credit contracts, does this mean that they will be revised?

[Arida] They do not have to be revised. BNDES contracts provide for replacement of the TR [reference interest rate] by another indicator. Contracts are written in such a way that they automatically change when the method for updating compulsory deposits is modified. There will be neither revision nor contractual addenda.

[Caldas] Let us talk a bit about inflation. The measures to restrict credit have failed. Stores continue to parcel their sales in nine installments, and we are approaching Christmas. Doesn't the government fear that demand will again grow?

[Arida] As I see it, the plan is going well. We had unfavorable shocks—the drought that affected agriculture and the increase of commodity [preceding word in English] prices, aggravated by the effects of the period

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between two consecutive crops, the seasonal variation of clothing prices, the pressure of rentals, and the consequences of increasing the minimum salary to R70. Those factors exercised strong pressure and produced significant increases. Despite all this, inflation has remained at acceptable levels.

[Caldas] The trend now is that it is falling. Or will we have disagreeable surprises in December?

[Arida] The inflation rate never dropped in a uniform manner in any stabilization plan. In Argentina one day it climbed, another it dropped. At the beginning, the control of the inflation rate entices fluctuations. But the trend clearly is that it is dropping. It is wrong to believe that if the inflation rate begins climbing at a certain moment it will not stop climbing. The stabilization of the economy implies a process of confidence in the monetary system and confidence only comes with much persistence and with the perception that there is a need for a political willingness to do everything that is possible to accomplish the stabilization. In this sense Brazil has a unique opportunity because it will have a new president committed to the economic stabilization begun by himself when he was finance minister. Looking at it from a certain distance, the Brazilian stabilization is crystallizing for sure. There is no possibility that the opposite may happen.

[Caldas] And what about the pressure exerted by the high demand?

[Arida] We currently have an economy with a great potential of credit expansion. People in Brazil are not indebted as compared with other countries and the private sector as a whole has capital. Such a situation represents the counter balance of the public deficit. Credit expansion is natural in a program of this kind. There is nothing wrong with it.

[Caldas] The case of the people's car is different, because there is actual overpricing.

[Arida] It is the result of a distortion of the economic policy. The foreign-made car, which might be a competitor for the Brazilian car, must pay taxes. Consequently, it is not competitive. Importation of second-hand cars has been banned, while taxes on locally made cars have been eliminated. When demand grows, there are two possible solutions: a solution that favors consumers, eliminating taxes on foreign-made cars or temporarily allowing the importation of second-hand cars. Another solution would be to again tax locally made cars.

[Caldas] And why not allow the importation of second-hand cars?

[Arida] I am just mentioning measures that can be adopted, because it is a market problem that calls for market solutions.

[Caldas] Will the minimum salary rise before the end of this government?

[Arida] It would be foolish to increase the minimum salary. There are two reasons: 1) the deficit that will be caused to the social security system, which will have a devastating effect; 2) the purchasing power of salaries is established by the economy. The best thing for workers is the stability of prices and a growing economy, because these factors make salaries grow naturally. Incidentally, salaries have already grown without any government action, only because of market influences. Increasing the minimum salary will create distortions and will work against the effort to reduce production costs. No government can establish the purchasing power of salaries. It is an analytical mistake. Just like governments cannot establish the real rate of exchange. It's a fantasy of the world of indexation.

[Caldas] Aside from the social security deficit and from the accounts of state and municipal governments, is there any other reason for not increasing the minimum salary?

[Arida] The purchasing power of workers' salaries depends on the labor market, and no direct government intervention can change this. If salaries increase because the economy pushes them up, fine, it is healthy. Nothing is as good for workers as price stability and a growing economy. And increasing the minimum salary is clearly harmful for those two objectives.

[Caldas] I did not understand the negative effect on the reduction of industrial production cost, considering that the minimum salary today has an insignificant influence on the private sector's payroll.

[Arida] First there is a symbolic side. Many things are tied on the minimum salary. Workers earn two, three, four minimum salaries. That is, the salary structure is tied on the minimum salary. This happens, for example, in the civil construction sector.

[Caldas] Yet that is not formal. It is not written in labor contracts....

[Arida] The labor market has a structure of relative salaries that is stronger than one would normally expect. If the market makes salaries go up, fine, it is healthy and noninflationary. Yet if salaries rise because of a decree, this will fuel inflation and will bring no advantage whatsoever. Under the current circumstances, it would be foolish to increase the minimum salary.

[Caldas] How much can privatization produce for the fiscal adjustment in 1995?

[Arida] Three important things happened this year, and they were not reported. First, the new experience of selling the minority shares of Cosipa [Sao Paulo Iron and Steel Company], Usiminas [Minas Gerais Iron and Steel Mills, Inc.], and Copesul [Southern Petrochemical Company], which were sold at a fixed price. It was a major test of a privatization model, in the European style. A second major innovation was the sale, on the international market, of shares for investment by institutions,

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like in the case of Usiminas, which yielded $480 million cash. A third innovation was the growing emphasis on obtaining cash with privatization. To give you an idea, of the $1.48 billion in cash that the privatization program has thus far produced, only $15 million came from the Fernando Collor government. In 1993, we obtained $157 million, and $870 million in 1994. All minority shares were sold in cash. This year we expect to obtain $1.3 billion, of which the last $400 million parcel will come from the currrent sale of minority shares, which will be paid in cash.

[Caldas] Is privatization a solution for the deficit of state banks?

[Arida] Privatization has to reach the financial sector, both at a federal and a state level. There is still a lot to open in the economy, not only from a commercial point of view but also in the area of finances and services. And the financial opening is certainly linked with privatization.

UNITA Charges Brazil With Encouraging War

PY1411124394 Rio de Janeiro JORNAL DO BRASIL in Portuguese 11 Nov 94 p 12

[Article by correspondent Norma Couri]

[FBIS Translated Text] Lisbon—Jonas Savimbi, leader of the National Union for the Total Independence of Angola, UNITA, has accused Brazil and the Brazilian people of being responsible for the civil war in Angola. During a transmission on Radio Voice of the Resistance of the Black Cockerel yesterday morning, Jonas Savimbi said Brazil supplied long-range cannons and other war equipment to the government of the Popular Movement of the Liberation of Angola, MPLA, which two years ago gave up Marxism.

During a news conference in Paris by top UNITA representatives abroad, Ernesto Mulato, who is based in Bonn and who has been Savimbi's colleague for the past 33 years, accused Brazil of joining mercenary forces together with Cubans and South Africans, and of "piloting MIG's and dropping napalm and phosphorous [fosforo] bombs," adding: "The most destructive missiles come from Brazil."

UNITA, a leftist party created with the support of apartheidist South Africa and the then U.S. Government, never understood the attitude of Brazil, the first country to recognize the independence of Angola exactly 19 years ago.

In 1975 Brazil was presided by General Geisel. Now, on its independence anniversary, UNITA not only accused Brazil, but also South Africa, Portugal, and Russia as being the instigators of the war between UNITA and the MPLA 19 years ago. UNITA accuses the RSA "because Mandela has done nothing to withdraw his 3,000 mercenaries from Angola;" Portugal because "it continues to train troops for the Luanda regime;" and Russia for being "responsible for rearming the government with the atomic bomb of the poor [bomba atomica dos pobres]."

UNITA yesterday admitted that government troops entered Huambo, where Savimbi's headquarters are located, but guaranteed that the rebels still control the city.

From Paris, Savimbi's movement warned that it will not attend the meeting that should have taken place in Lusaka yesterday. "Everything is lost," they said.

Angolan President Jose Eduardo dos Santos, who flew to Lusaka, said he would again shake the hand of Savimbi on 15 November when the agreements should be signed, "if the objective is peace."

Meanwhile, Brazilian Foreign Minister Celso Amorim did not want to comment on the charges by the UNITA leader, recalling that Brazil has for a long time maintained diplomatic relations with the government in Luanda. He said that—when talking about peace in Angola—it is difficult to distinguish "facts from smoke screens."

Army Denies Selling Arms to Angola

PY1411140894 Sao Paulo AGENCIA ESTADO in Portuguese 2125 GMT 11 Nov 94

[FBIS Translated Text] Brasilia, 11 Nov (AE)—The Army today contradicted Jonas Savimbi, leader of the National Union for the Total Independence of Angola, UNITA. The Army stated that it has not sold weapons to the government of the Popular Movement for the Liberation of Angola (MPLA). Army spokesman General Gilberto Serra reported that the Army does not sell weapons: "Weapons are sold by enterprises, not by the Army." The Armed Forces have military observers in Angola.

Jonas Savimbi has charged Brazil with supplying long-range cannons and other military equipment to the government of the MPLA, which abandoned Marxism two years ago. The statement by Savimbi was aired by Radio Voice of the Resistance of the Black Cockerel. Military officers added that Brazil was the first country to recognize the Angolan Government, which at that time was Communist. They believe this recognition should have resulted in many negotiations, adding: "This does not mean the country is promoting war. [no closing quotation marks as published]

Foreign Minister Celso Amorim today declined to comment on Savimbi's charge that Brazil and Brazilians are responsible for the war in Angola.

Distribution of Cuban Medicines Begins

PY1411174394 Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 Nov 94 p 2

[Article by Marcia Marques]

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[FBIS Translated Text] Brasilia—In two weeks the federal government will begin distributing medicines imported from Cuba for the public health network in the states of Sao Paulo and Rio de Janeiro. The total value of the material being imported is $30 million.

The medicines were purchased at the beginning of 1994. The negotiations with the Cuban laboratory began in 1993, when President Itamar Franco criticized the prices of medicines produced by Brazilian laboratories.

President Franco lifted restrictions on the importation of medicines and medicine inputs. The Cuban medicines will be distributed by the Ceme (Central Medical Supplies Exchange).

They are 35 kind of medicines classified as "generic," like antibiotics, medications used for anesthesia, medication for hypertension, and diuretics.

According to Eron Laboratory President Oswaldo Vela Ortega, 440 tonnes of medicines have already arrived in Brazil. They are, on the average, 40 percent cheaper than Brazilian medicines.

The agreement was signed on 29 January by President Franco's special adviser, Doctor Saulo Moreira, and it establishes deals with Cuba up to a maximum $300 million.

Half of the medicines have already been delivered; distribution in some northeastern states has already begun, and distribution in northern Brazil will begin next week.

According to Ceme presidential adviser Jarbas Tomazoli Nunes, the medicines will be distributed in Sao Paulo and Rio de Janeiro last because the demand there is greater. He says it was the first experience involving the purchase of such a large volume of medicines.

More than 30 Brazilian laboratories will soon begin to supply medicines for the Ceme. "The production of the official laboratories and the purchase of Cuban medicines do not cover our demand," Tomazoli said.

Chile

Frei Interviewed on APEC, Mercosur, Paraguay

PY1411204594 Asuncion RPC Television Network in Spanish 1450 GMT 14 Nov 94

["Exclusive" interview with President Eduardo Frei Ruiz-Tagle by journalists Ramon Bogado and Gustavo Fretes at the international airport in Santiago "before leaving for two-week tour of Asian countries"—live or recorded]

[FBIS Translated Text] [RPC Television] For RPC Television and Radio Cardinal. Mr. President, your two-week tour of Asian countries is being described by all sectors as a very significant step, right?

[Frei] It is extremely important for us. We are the first South American country to have been accepted into this large market [Asia Pacific Economic Cooperation—APEC]. Not only do we hope to very honorably represent Chile, but to open the gates for the whole of Latin America.

Chile is making a very serious effort to participate in the Mercosur [Common Market of the South] markets. We believe that we have to enhance Latin America's presence.

Mexico and Chile have joined this [APEC] market and we hope, through our open regionalism, to enhance our union with other countries.

Concerning Paraguay, we have an excellent relationship. I have a longstanding relationship and a great friendship with President Wasmosy. I hope to enhance this relationship. He has invited me to visit his country next year. I hope that I will be able to do so. I also believe we have common views with regard to Mercosur. We are very loyally working on this point. There are many points in the relationship between Chile and Paraguay that I hope will be enhanced in the near future.

[RPC Television] Concerning this point, Brazilian President-elect Fernando Henrique Cardoso visited Paraguay three days ago. He pointed out that it is necessary to find ways for Bolivia and Chile to join Mercosur. Cardoso made this situation look very easy.

[Frei] Well, now... I made my point during my visit to Buenos Aires, when Chile joined the negotiations. Following this presidential summit, there have already been two working team meetings: one in Brazil on 11 September, and another in Montevideo later. There will be a third meeting late this month.

Talks continue to progress. All of us presidents have the political willingness to reaffirm our commitment toward Mercosur. I am therefore very optimistic.

I am sure I will meet President Wasmosy in Mexico during Mexican President-elect Ernesto Zedillo's inauguration. I am sure I will also meet him at the Miami summit, and during Brazilian President Fernando Henrique Cardoso's inauguration in early January 1995.

Colombia

Escaped Drug Trafficker To Be Extradited to U.S.

PA1111171194 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 10 Nov 94

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] While some drug traffickers talk about the possibility of surrendering to justice, others try to increase their illegal drug trafficking business. This is the authorities' conclusion based on the alleged existence of a plot by a man accused of drug trafficking activities to get Puerto Rican Fernando Montanez to escape from

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the DAS [Administrative Department of Security] installations. Montanez did indeed escape a few days ago but was quickly apprehended.

Before being extradited to the United States, Puerto Rican citizen Fernando Montanez Buitron revealed to Colombian authorities that his escape from the DAS installations had been planned by alleged Caqueta drug trafficker Leonidas Vargas. The latter had been held at the DAS installations for several months but is currently at the La Picota Jail in Bogota. Authorities believe the escape of the Puerto Rican was decided by drug traffickers who saw Montanez Buitron as an important contact to import cocaine into the United States.

According to sources at the Prosecutor's Office, the so-called Caqueta Cartel, allegedly headed by Leonidas Vargas, paid DAS guards approximately 600 million pesos for Montanez' escape. The Prosecutor's Office is also investigating four lawyers who defend drug traffickers for making the contacts to assist the escape. Leonidas Vargas has been officially linked to this case and was questioned in this respect at La Picota Jail this afternoon.

Authorities Foil Escape Plans From 2 Prisons

PA1311233294 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Nov 94

[From the "24 Hours" newscast]

[FBIS Translated Text] Police today foiled a plan by drug traffickers and terrorists to escape from Santa Fe de Bogota jails. Following a report of an alleged escape, authorities raided La Picota and Modelo prisons in the predawn hours of 11 November and discovered a cellular telephone, a sauna, drugs, and alcoholic beverages in the maximum-security sector where major drug traffickers and leaders of the Medellin Cartel are held.

[Begin recording] [Unidentified reporter] How should the policy to obtain the surrender of drug traffickers be conducted?

[Carlos Mario Alzate, drug trafficker] This is the opportunity the government offers us, lawbreakers, to fix our problems and make amends for what we have done on the streets.

[Reporter] What are you charged with?

[Leonidas Vargas] Drug trafficking.

[Reporter] What specific cartel do they accuse you of running?

[Vargas] Cartel? No, I don't belong to any cartel.

[Reporter] Aren't you linked to the Caqueta Cartel?

[Vargas] No, I am from Caqueta, but I am not connected to any cartel. [end recording]

Authorities will begin an investigation into the discovery of prohibited items in the prison.

[Begin Colonel Norberto Pelaez, Penitentiary and Prison Institute director, recording] The cellular telephone was fully operational. We have ordered an investigation into this matter. The telephone was found in cellblock five, where the inmates keep their personal hygiene articles. [end recording]

Paraguay

Venezuelan Minister Holds News Conference

PY1011153394 Asuncion ABC COLOR in Spanish 10 Nov 94 p 20

[FBIS Translated Text] Venezuelan Foreign Minister Angel Burelli Rivas held a news conference at the Foreign Ministry yesterday. The meeting with reporters marked the end of his three-day official visit to the country. Burelli said the Venezuelan Government has offered technical assistance for oil prospecting in Paraguay.

Burelli said that his country has technology acquired from the private companies that prospected for oil in Venezuela in the past. "It (oil) is the property of mankind and must be used," the minister said.

Burelli said that Venezuela's experiences have in many cases been positive, while admitting that his country has also made mistakes—mistakes that he hoped other countries such as Paraguay, which is trying to find oil on its territory, could avoid. "We would love to sell you our crude oil," the minister added.

In Paraguay, 42 Wells

Forty-two oil wells have been drilled in Paraguay, but none of them has produced oil. The national company "Guarani Exploration and Development" and the firm Texaco recently drilled two wells in the area of Juan Leon Mallorquin (Caaguazu Department).

In the past few days the Guarani company president, Richard Kent (junior), confirmed to our newspaper that the drilling in Mallorquin will continue once Texaco cedes 100 percent of its concession rights to his company. The Paraguayan company already owns 60 percent of the concession rights, and is trying to solve legal problems to acquire the remaining rights owned by the American company.

State Owned in Venezuela

Foreign Minister Burelli Rivas said that in Venezuela the oil industry is owned entirely by the state, adding that in the past it also worked through concessions, in keeping with the legal philosophy regulating oil and mine prospecting since the times of Carlos V [Spanish king during first part of 16th century]. Burelli said that in 1975 Venezuela canceled all concessions and nationalized the

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oil industry. Today, however, it is again thinking of calling on private investors for certain activities related to exploration and activities like oil refining and trading.

Agreements Signed

The Paraguayan and Venezuelan foreign ministers yesterday signed a framework cooperation agreement encompassing the economic, financial, commercial, technical, cultural, and energy fields. The two countries' governments also committed themselves to creating a mixed commission that will meet in Asuncion and Caracas to study possible cooperation in these areas. They also signed a joint declaration.

The Venezuelan foreign minister concluded his three-day official visit to the country at 1400 yesterday when he boarded a private plane to fly to Montevideo (Uruguay) and start another official visit.

Letter of Intent Signed on Bolivian Gas

PY1011215794 Asuncion ABC COLOR in Spanish 10 Nov 94 p 14

[FBIS Translated Excerpt] Paraguay will conduct a market survey before purchasing natural gas from Bolivia. According to a letter of intent signed yesterday in Santa Cruz de la Sierra by (MOPC) [Public Works and Communications] Minister Carlos Facetti, the survey will involve volumes, locations, price policy, and other points, and will be concluded within nine months (by August 1995). [passage omitted]

Present at the signing ceremony were Paraguayan Ambassador to Bolivia Julia Velilla Laconich and Saul Vera Voigt, the Paraguayan consul general in Santa Cruz de la Sierra.

Bolivia will survey the gas reserves that will be negotiated in future sales contracts. This survey will be conducted by the Bolivian Finance and Economic Development Ministry. The pipeline survey and the price study will be jointly conducted by the two ministries.

A 846-km pipeline will be required to carry Bolivian gas to Asuncion. It will begin on the Bolivian side in Vuelta Grande (Chuquisaca Department) and will cover 102 km to border landmark II. In Paraguay, the pipeline will go to Fortin Enciso, 65 km from the border, where it will join the Transchaco Highway, pass Mariscal Estigarribia and Pozo Colorado, and finally reach Asuncion. [passage omitted]

On 7 February, Paraguayan Foreign Minister Luis Maria Ramirez Boettner and Bolivian Foreign Minister Antonio Aranibar Quiroga signed a memorandum of understanding in La Paz in which they state that private enterprises from the two countries would finance the "Gas Pipeline to Paraguay," as the project has been called. [passage omitted]

Board of Promotions Approves Colonels' Retirement

PY1011223894 Asuncion NOTICIAS in Spanish 10 Nov 94 p 14

[FBIS Translated Text] The Armed Forces Special Board of Promotions [Tribunal Especial de Calificaciones de las Fuerzas Armadas] yesterday retired some 100 colonels. Three classes of colonels will go into retirement, a very unusual episode in the Armed Forces.

The number of lieutenant colonels who will be promoted to colonels is substantially lower than the number of colonels who will go into retirement. Thus, as President Wasmosy had pledged, the number of colonels on active duty has been reduced. As Armed Forces commander in chief, President Wasmosy chaired the Board of Promotions session yesterday.

The colonels and ship-of-the-line captains who will be sent into retirement on 31 December are those who will not be promoted to brigade generals or rear admirals on that date and are from the War College classes of 1963, 1964, and 1965.

The commander in chief's goal is to resolve the situation of colonels quickly so that each class will remain in this rank for a maximum five-year period and, if they are not promoted to the next rank, retire from the Armed Forces.

A partial list of colonels who will be sent into retirement by the end of the year is published separately.

PLRA Leader Resumes Talks With Military

PY1411192294 Asuncion ABC COLOR in Spanish 10 Nov 94 p 2

[FBIS Translated Text] The recent political-military meeting at the residence of Domingo Laino, acting president of the Authentic Radical Liberal Party, PLRA, has elicited various reactions. While some politicians and lawmakers believe that Laino's faction has gained political advantage by taking the lead in the resumption of dialogue between politicians and the military, other political figures see it as evidence that Laino's faction of the PLRA has given in to military pressure, which means that the interests of the military will gain ground in any further negotiation.

The initiative of Laino's faction to organize a social gathering of high-ranking military officers, presidents of political parties, and lawmakers from various parties has prompted all kinds of speculations, reactions, and a certain amount of confusion in political circles.

According to lawmakers from various parties, the dinner organized by acting PLRA President Domingo Laino at his residence could be interpreted in many ways.

First of all, it implied that Laino has given up the position he assumed after the Supreme Court of Justice ruled in favor of the pleas of unconstitutionality against

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Law 261, which had temporarily suspended the party memberships of military members and policemen on active duty.

Following the ruling of the Supreme Court, Laino had called for drastic measures to counter the refusal of the military leadership to render the Armed Forces nonpartisan. These measures included budget cuts and imposing the will of the opposition's majority in Congress regarding military issues.

The social gathering aimed at rapprochement with the military thus caught people by surprise. Nevertheless, the meeting restored dialogue as the proper method for resolving the obstacles that the transition poses.

The "spirit" of the reborn governability pact permeated the meeting, at which multisector dialogue was advocated. According to various lawmakers, the goal of Laino's faction is to resurrect the governability pact as a means for attaining the institutionalization of the Armed Forces. The question now is what the bargaining chip will be in this negotiation.

Dissident PLRA member flatly disagreed with Laino. Senator Miguel Abdon Saguier had stated even before the dinner took place that the dissidents plan to use the clout of their congressional majority to compel the Armed Forces to become nonpartisan, and to take other steps toward their institutionalization.

Meanwhile, National Encounter is trying to keep to the middle of the road: On one hand its members attend a barbecue on Cavalry premises without the top leaders objecting to it, but on the other hand they refuse to attend a similar meeting organized by the PLRA.

Peru

Envoy Sent To Seek APEC Work Group Membership

PY1411163994 Madrid EFE in Spanish 0818 GMT 13 Nov 94

[FBIS Translated Text] Jakarta, 13 Nov (EFE)—Peru has presented its credentials to expedite its eventual membership of the Asia-Pacific Economic Cooperation (APEC).

The Peruvian Government sent to Jakarta a special envoy, Luzmila Zanabria Ishikawa, to explain Peru's position to all the delegations attending the second APEC summit.

The problem is that APEC has established a moratorium on new members until November 1996, to give the group time to consolidate itself and to study guidelines for the entrance of new members.

In view of this moratorium, Peru has requested authorization to join the APEC's Work Groups, to exchange experiences and to promote its fishing industry and tourism with other countries.

Luzmila Zanabria told EFE her mission has succeeded because the issue of Peru has been included in the APEC agenda and its candidacy to join the APEC Work Groups has been discussed at high-level meetings.

Zanabria said the Peruvian proposal was well-received and "all countries admitted that Peru has the necessary credentials to be an APEC member."

Next year, during Japan's tenure, a special APEC study group will review guidelines for the entrance of new members, but only after the moratorium expires.

Zanabria stated that Peru already meets the requirements to be an APEC member: it has important trade with Pacific rim countries, it has a free market economy, and it offers guarantees for investments.

During 1993, 51.51 percent of Peru's trade was conducted with 18 APEC members.

Zanabria added: "Peru is perhaps the Latin American country that has experienced the most important economic transformation in recent years. Our investment regulations are perhaps the most clear, and we have recently experienced a spectacular privatization process to achieve a free market economy."

Luzmila Zanabria said Peru is interested in joining APEC work groups with the objective of exchanging experiences, establishing joint ventures, and "working together for the development of those industries in which Peru can offer its great experience."

Perez de Cuellar Discusses Campaign Issues

PY1111001094 Lima LA REPUBLICA in Spanish 30 Oct 94 Sunday Supplement pp 13-18

[Interview with Union for Peru Movement presidential candidate Javier Perez de Cuellar by Mariella Balbi; place and date not given]

[FBIS Translated Excerpt] [Balbi] Dr. Perez de Cuellar, people say that you represent Fujimorism without Fujimori. Are you annoyed by this?

[Perez de Cuellar] I am annoyed because it is not true. First of all, Fujimorism is not a doctrine.

[Balbi] It is a style.

[Perez de Cuellar] That is also not true. I believe that Fujimorism—if you want to call it that—refers to four positions: First of all a change in the economic policy. This change in economic policy is being implemented throughout South America and I helped to promote it when President Fujimori assumed power. Second, there is the pacification issue. This is also being done in other countries, like Colombia, but people never referred to it as Gaviria when Gaviria was in power. We cannot term Fujimorism the enforcement of two formulas that are known and implemented worldwide. The third element of the so-called Fujimorism is authoritarianism. This is not a principle enforced in all latitudes but a

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vicious practice from the political point of view. In addition, there is the abusive centralism that is currently enforced. How, then, could I be identified as a Fujimori follower or how can people believe that I will follow Fujimori's policies? Although it is true he achieved two great victories, he also made two very serious mistakes: centralism and authoritarianism.

[Balbi] Do you believe President Fujimori is authoritarian?

[Perez de Cuellar] Yes, he is probably the most authoritarian president Peru has had since the dictatorship. This is a disguised civilian dictatorship, but a dictatorship nevertheless. We are witnessing this every day.

[Balbi] You have said that a strong government without social justice is a tyranny. Were you referring to Fujimori when you said this?

[Perez de Cuellar] I said it in reference to Fujimori and to all those who implement a market economy and a pacification policy but at the same time are practicing centralism and authoritarianism. Fujimorism is presented as a positive formula when in truth it is a negative one. Despite its positive aspects, it has a complete lack of social awareness. Although pacification may be a great victory, it has yet to be completed. It will be a myth if social problems are not resolved. We may again experience another Shining Path [SL] or MRTA [Tupac Amarau Revolutionary Movement], identified by other names, if we do not find long-lasting solutions to our social problems.

[Balbi] Aren't you exaggerating?

[Perez de Cuellar] What has been the great excuse raised by SL and the MRTA? That there is no social justice. They tell the people: You have no food. While in Lima people are living in affluence, you are living in misery. When we defeat misery, when jobs are created, extremists organizations will not find any support.

[Balbi] Something of the sort has occurred because SL and MRTA have been virtually defeated.

[Perez de Cuellar] They have been defeated by force but not in theory. We must resort to the use of guns but also ideals. Both things must be used together.

[Balbi] Aren't you being unfair when you say that SL has suffered a military defeat?

[Perez de Cuellar] No, no, it is a logical assumption. Or have they perhaps been subjugated by persuasion?

[Balbi] Doctor, it is quite difficult to persuade a group like SL.

[Perez de Cuellar] They may have been persuaded with cakes but certainly not with arguments. Or has Abimael Guzman ever asked the government for forgiveness like a pious believer venerates the image of Our Lord of Miracles [religious image venerated in Peru]? He was arrested through [National Police Inspector General] General Ketin Vidal's expertise. In addition, we must be fair and admit that the Armed Forces have been concerned about SL for a long time, even before the Fujimori administration. They drafted a strategy which started to yield results as of 1990 and 1991. It is the Armed Forces that defeated subversion. Naturally, the Armed Forces reacted positively when they received the support of civilians. We have to attack the serious social problems affecting us because they are exploited by SL and MRTA to their advantage. Unfortunately, the Peruvian bonanza has not trickled down to the poor class.

[Balbi] There are other countries that are poorer than Peru but that do not have terrorists.

[Perez de Cuellar] Then it means we are just plain unlucky, but I can guarantee you that these violent groups are spurred by poverty. [passage omitted]

[Balbi] If you win the elections, what would change in the currently enforced economic program?

[Perez de Cuellar] There are many things that must be amended. The current economic policy should not be changed but adapted to Peru's reality. [passage omitted]

[Balbi] What is the main problem in the currently enforced economic program?

[Perez de Cuellar] The main thing is to create jobs. I believe the entire economic campaign should be reduced to these two words: create jobs.

[Balbi] How can this be achieved, because it is an almost impossible task?

[Perez de Cuellar] We must promote investments, but those that remain in the country, those that create jobs. We must promote exports, small-scale agriculture, small-scale mining, small-scale industries, and tourism.

[Balbi] Don't you think Fujimori has stabilized the country and hence promoted investments?

[Perez de Cuellar] No one is denying Fujimori's achievements, but unfortunately his job has not been completed. It is important for another individual, another administration, to complete this job, but most of all, it is important to perfect it.

[Balbi] Why can't Fujimori complete it?

[Perez de Cuellar] He has been unable to give his economic policy a social awareness, something which it is obvious he lacks. Moreover, he is an autocrat. We are living in a world where democracy is prospering, and Mr. Fujimori is the antithesis of democracy. In addition, everyone is aware that if Mr. Fujimori is elected—although I hope this is not the case—he will lack a congressional majority. Can you imagine an autocrat in this situation?

[Balbi] How do you plan to create more jobs?

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[Perez de Cuellar] The positive side is that we have economic stability. We must build on this basis and correct the situation because to a certain extent we are experiencing a deceitful economic stability.

[Balbi] Why?

[Perez de Cuellar] In Peru we are neglecting the poor. How can we enjoy economic stability with 12 million who are going hungry? I did not invent this. We are experiencing a false economic stability, a formalized situation that can help us to have a better image abroad and to make people believe things are going well and give us more money.

[Balbi] The economy will grow this year; it will also grow next year.

[Perez de Cuellar] I do not see the people benefiting from this situation. How can you speak of economic growth with 12 million poor? Aren't you aware that unemployment has increased in the last three years?

[Balbi] Is that Fujimori's responsibility?

[Perez de Cuellar] Who is running the government then, you?

[Balbi] Of course not, but Fujimori's supporters will tell you that this administration inherited a catastrophic situation, that we are just starting to achieve stability.

[Perez de Cuellar] Of course, this is precisely why we are growing: Because we reached the bottom. This is why the economic growth is not that big a deal. It suffices to say that Peru has grown. Peru has obviously overcome the critical state it was in, but it is still ailing.

[Balbi] Have you already drafted an economic plan?

[Perez de Cuelalr] We are working on it. Unlike autocrats, I believe in teamwork. I have a group of people who know more than I about economic issues. They are the ones who are devoted to the economic program and who will enforce it. I do not consider myself an enlightened human being, a messiah who has all the right formulas. I listen a lot and I have a team that is headed by Graciela Fernandez, a woman who is not to be refuted or disputed. We will soon present the team that will work on the government program, and you will see what a prestigious group it is.

[Balbi] Don't you observe an economic recovery?

[Perez de Cuellar] It is incomplete. The government's triumph is unjustified. Listen, a couple of days ago I visited El Agustino and other neighborhoods. Something must be done to help these people improve their situation. They are not asking for food or clothes, but for jobs. Everyone wants jobs. It would be selfish not to admit that things have improved in the last four years, but we cannot tolerate a triumphant attitude asserting that the government has resolved all problems. The people are being deceived.

[Balbi] You have said that about 3 million jobs are needed. Now that you are candidate, do you make a commitment to create these job sources?

[Perez de Cuellar] I wish I could, but I cannot promise that. I am no demagogue. I will try to create more job sources in two years.

[Balbi] I often listen to people say that "we need investments to create jobs and this requires stability. Fujimori guarantees this stability. If he does not continue in office, the situation will be uncertain."

[Perez de Cuellar] I believe this is a very peculiar image of the Peruvian situation. This is the propaganda spread by Mr. Fujimori and his friends. Do you believe I will change an economic policy that I helped to establish? Or that I will call off the pacification policy when for 10 years all I have done is to strive for world peace and to allow all countries to live in peace? Why is a group interested in awarding Mr. Fujimori a monopoly on Peru's stability? It is totally absurd. It is mere politcal chicanery and an election campaign strategy.

[Balbi] Do you believe the privatization process is being conducted in a clean and open manner?

[Perez de Cuellar] No, we should be better informed because what is being privatized are assets owned by all Peruvians. No one is telling us how these bids are being conducted, the more so when we are aware of some bids—like the ones on prisons—that were not clean. Moreover, we should be informed about what is being done and what will be done with the money obtained from the privatizations. Do we know the figures?

[Balbi] You have said that if it were up to you, you would not have sold the CPT [Peruvian Telephone Company].

[Perez de Cuellar] That is absolutely false. I have never said that. I believe it was a very successful sale. Unfortunately, I am the victim of some media sources. The only privatization I am worried about is that of Petroperu [State Petroleum Agency]. We should give preference to shared risks, joint ventures. If it is a controversial issue, it should be decided by the next and not the outgoing administration.

[Balbi] Apparently, Petroperu will be privatized in Jaunary.

[Perez de Cuellar] Neverthless, I will continue to assert that it should not be privatized 100 percent and that we should have waited. This notwithstanding, this administration has a great capacity to reverse its decisions; we have witnessed it with the Lima Convention [regarding a border dispute with Chile].

[Balbi] Do you agree with [American Popular Revolutionary Alliance, APRA, candidate] Mercedes Cabanillas to the effect that we have to close ranks against the privatization of Petroperu?

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[Perez de Cuellar] No. Let me reassert that I do not believe it should be privatized 100 percent. We should strive to realize the largest amount of money to improve the company's infrastructure. The state must keep control of the company.

[Balbi] Is that the case in all privatizations?

[Perez de Cuellar] No, but in companies like Petroperu, we should. We should also be more careful with the large mining companies. Look, I am against government meddling, but the government must promote and produce; we cannot disband it completely.

[Balbi] Would you call for a plebiscite on this issue?

[Perez de Cuellar] We would be exaggerating. Moreover, I am a bit reluctant about holding referendums in Peru after the results obtained on the referendum on the Constitution. They do not convince me or anyone else for that matter.

[Balbi] Do you think the no-vote won?

[Perez de Cuellar] Yes, just yesterday I was given a document that proves that in Pasco the no-vote won but the official figures show that the yes-vote won. I have, therefore, some reservations. This is why we should be alert regarding the upcoming elections.

[Balbi] Should we also be alert with regard to the OAS for not adopting the proper safeguards?

[Perez de Cuellar] I would not make charges against the OAS. That is not within our competence.

[Balbi] There is a group that criticizes the government for being too complaisant with the IMF. What is your opinion?

[Perez de Cuellar] Look, the IMF must sell its formula. It wanted to sell it without any modifications and it was not willing to negotiate. We must wait until the agreement with the IMF expires and see how to renegotiate.

[Balbi] IMF managing director Michael Camdessus said that this would be a very bad signal.

[Perez de Cuellar] He is my friend, and he said a very logical thing: What has been agreed cannot be changed. Peru must show that it is respectful of its national and international commitments. Right now it is not a question of altering anything because an agreement has been signed. This has been sanctioned, and approved. During future negotiations, the next administration must be tougher in order to obtain more advantages and results to benefit Peru.

[Balbi] Are we then subjected to the IMF right now?

[Perez de Cuellar] I would not say subjected. The IMF has proposed a formula, and we have accepted it. We cannot free ourselves from it until the agreement expires, and that date is not so far away.

[Balbi] You have criticized the government's social emergency program, but the government has allotted $5 billion for 1995 to combat poverty.

[Perez de Cuellar] It has done so after pondering for four years. It has reacted late. It is doing better now, but this announcement is coinciding with the launching of the election campaign.

[Balbi] Do you believe this is suspicious?

[Perez de Cuellar] I don't know. I leave it up to you to decide.

[Balbi] Let's talk about the Armed Forces. Are they politicized?

[Perez de Cuellar] I hate generalizations because they are unfair. I cannot say they are totally politicized.

[Balbi] Do you admit that this is a problem that is at least affecting the Armed Forces leadership?

[Perez de Cuellar] There is evidence that there is an excessive political commitment with the president, although I am not disputing that he is the Armed Forces commander. Nevertheless, it appears that the Armed Forces leadership has an excessive participation in national politics. If that is the case, this is unconstitutional.

[Balbi] There are those who believe that the Armed Forces constitute the political party that is backing Fujimori.

[Perez de Cuellar] I would rather not listen to them because I have great respect for the Armed Forces, and I would be very hurt if it were true. I refuse to believe it.

[Balbi] The Army commander will be in his post for many years to come. The same is true of the other Armed Forces branches. Do you think this is healthy?

[Perez de Cuellar] I do not believe this is in keeping with the Army tradition. There has always been a healthy rotation of the Army command. I have been a member of a hierarchical institution like the diplomatic corps and we have always favored changes and promotions. These should be automatic and in keeping with the rules. We must respect the promotion system because this is an encouragement in military and diplomatic careers. [passage omitted]

Evangelical Groups Back Perez de Cuellar

PY1511004294 Madrid EFE in Spanish 1631 GMT 10 Nov 94

[FBIS Translated Excerpt] Lima, 10 Nov (EFE)—Peruvian presidential candidate Javier Perez de Cuellar, former UN secretary general, has signed an electoral agreement with the Christian Presence Party, which gathers together evangelical groups that had been allies of President Alberto Fujimori.

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Through the agreement the evangelical group promised to support the candidacy of Perez de Cuellar, who must incorporate in his list of candidates for Congress some members of this political-religious organization.

The Christian Presence Party, whose leader is former Vice President Carlos Garcia Garcia, tried to mount its own presidential candidate but failed to get the support of 100,000 people, as required by law.

This group supported Fujimori in the 1990 elections, but gradually broke away from the government because the president refused to give the group the management of public institutions for social support and the struggle against poverty.

The links between Fujimori and his ex-allies finally broke altogether in 1992, when Garcia Garcia was no longer vice president after the new Constitution was approved as a result of the institutional 9 April 1992 coup by Fujimori.

Some experts believe that the organization that the evangelical groups possess could be decisive in lifting the electoral chances for Perez de Cuellar, who has fallen in the electoral polls from 34 percent last August to 18.7 percent. [passage omitted]

Poll: Fujimori Still Ahead of Perez de Cuellar

PY1411220494 Madrid EFE in Spanish 1420 GMT 14 Nov 94

[FBIS Translated Text] Lima, 14 Nov (EFE)—President Alberto Fujimori continues to head the polls for the 9 April 1995 elections, with 46 and 43 percent of the votes in the capital and the provinces respectively.

Fujimori decided to run for reelection, which is allowed by the 1993 Peruvian Constitution.

According to the latest poll, carried out by the Apoyo private company and released by a Lima television station last night, Javier Perez de Cuellar is in second place with 23 and 22 percent of the votes in the capital and provinces respectively.

Economist Alejandro Toledo is in third place, with 10 percent of the votes in Lima and 9 percent in the provinces.

Apoyo says that the remaining 12 presidential candidates do not go over 4 percent of the votes in the poll, which was conducted from 4 to 7 November throughout the country.

Apoyo says that in the case of a runoff election between Fujimori and Perez de Cuellar, Fujimori would get 48 percent and Perez de Cuellar 37 percent; between Fujimori and Toledo, Fujimori would get 49 percent and Toledo 29 percent.

State of Emergency Lifted in Puno, Huanuco, Piura

PY1411211094 Lima Radio Programas del Peru Network in Spanish 1800 GMT 14 Nov 94

[FBIS Translated Text] The government decided today to restore individual guarantees that were temporarily suspended in various provinces as a result of terrorist violence.

In this regard the government lifted the state of emergency in Melgar, Azangaro, Carabaya, and Sandia Provinces in Puno Department. It also lifted the state of emergency in 2 de Mayo Province, Huanuco Department, and in Huancabamba Province, Piura Department, because terrorist activities were reduced considerably in these regions. The political officials of these provinces will take over their functions as soon as possible, in accordance with the Constitution.

State of Emergency Extended in Lima, Callao

PY1411180694 Madrid EFE in Spanish 1752 GMT 13 Nov 94

[FBIS Translated Text] Lima, 13 Nov (EFE)—The Peruvian Government today, 13 November, extended for 60 days the state of emergency in the department of Lima and in the neighboring port of Callao, because terrorist actions persist in these jurisdictions.

The government made this decision because of the need to adopt the necessary measures to preserve and restore internal order, according to the government decree which establishes it and which was published today in the official gazette EL PERUANO.

The decree adds that all constitutional guarantees are suspended in those territories and that the Armed Forces will be in charge of controlling the internal order.

The measure affects all provinces of Lima Department, which includes the Peruvian capital, and coincides with recent terrorist attacks perpetrated in several zones of Lima.

Police sources have reported that a national police station and a bank office were attacked yesterday in the district of Comas, located in the northern part of Lima.

The attacks, perpetrated by alleged active members of the Shining Path terrorist group, caused some property damage but no casualties.

On 10 November the terrorists exploded a car bomb at the Peruvian Air Force officers' club and hurled explosives at bank offices in several zones of this capital.

Antiterrorist police sources have told the media that the Maoist group plans to unleash a wave of violence during the months of February and March 1995 as part of the attempt to boycott the Peruvian general elections slated for 9 April 1995.

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Uruguay

Vice President Discusses Education Plebiscite

PY1411182594 Montevideo EL PAIS in Spanish 6 Nov 94 p 8

[Interview with Vice President Gonzalo Aguirre, leader of the Renewal and Victory Movement of the National Party; place and date not given]

[FBIS Translated Excerpt] [EL PAIS] Your opposition to the plebiscite that calls for a fixed and minimum allotment of 27 percent of the budget for the educational sector is well known. Why are you advising the people to vote against this plebiscite?

[Aguirre] I oppose it for two reasons. One is a technical-legal reason of a formal nature because anything pertaining to the budget law cannot be included in the Constitution. The Constitution must only contain the proclamation of individual rights and guarantees; matters pertaining to integration and the roles of the three classical branches of government; and, if required, the overall rules of the electoral system, and very little else. If the budget law is included in the Constitution, then tomorrow a proposal can be made to include everything pertaining to taxes in the Constitution, or the amount of the expenses that are made in the investment sector or, for example, the amounts for health or for public security.

But this, the formal aspect, is not the most serious problem. The disastrous economic consequences of having this obligatory authorization in the Constitution is the most serious problem because the educational budget has been estimated at no less than $400 million, and it could even be higher if it is true that the reform means Congress does not have the power to reduce the budget the Education Ministry submits to it, as has been maintained by Education Minister Antonio Mercader.

But, even if this were true, just 27 percent, no one has satisfactorily explained how this enormous expenditure is going to be financed. The explanations that have been given by Tabare Vazquez are insufficient and even contradictory because when he calls for this outlay, to vote in favor of the plebiscite, he also calls for a reduction of the VAT, which is the state's main source of income. At least 50 percent of the state's income comes from this tax. In other words, he proposes the reduction of the main tax, the main source of income, and at the same time he proposes the creation of this enormous expenditure that, he maintains, will be financed through the control of evasion and by taking from the rich to give to the poor. Frankly, these are not serious proposals because Vazquez cannot estimate whether there will be an increase in income with improved control of evasions (something that has been carried out throughout this administration's mandate), nor can he estimate how much more will be obtained with the taxes that he is proposing to levy on the rich. And, the data pertaining to the end result of the inheritance and income taxes in this country indicates that even if they were implemented immediately, they could never cover the immense outlay that is needed.

Thus, either new taxes will have to be created or the VAT increased substantially (something that no one wants), or salaries wil have to be reduced. But, it must be taken into account that the expenditure for the functioning of identified sectors such as public security and health cannot be reduced, much less by the sum of $400 million.

I have not said this; all the presidential candidates, with the exception of Vazquez, have stated that it is an absolutely inconvenient constitutional reform, and that if it is approved, the party that wins the elections and becomes the government and the country are going to have serious problems in the future.

[EL PAIS] Then you do not approve of an improvement in the educational budget?

[Aguirre] I support an improvement in the educational budget when the specified improvement can be made. This has been done during our government, and it has been increased from 14 to 19 percent. But I support an increase within the framework of an overall study of the other expenditure and needs of the various sectors of the public administration. Furthermore, I support an increase if it is made within the budget law framework, which is the legal norm that has to be approved by Congress. I do not support a budget that is contained in the Constitution. [passage omitted]

[EL PAIS] Public opinion knows a lot less about the other reform that will be put to a vote on 27 November. This plebiscite calls for the total abrogation of all the measures pertaining to pensions that have been included in the budget since 1992. What is your position on this reform?

[Aguirre] The abrogation of the measures is not the most serious problem. The problem resides in the fact that they will be abrogated retroactively. I make the same formal objection. If it is the case that, in the thoughts of those who are proposing this reform, the congressional bills are mistaken, or if they are negative, then they must be abrogated with other laws pending a thorough study. This is so because, in an overall way, this is what is being said: Abrogate all those measures retroactively, and yet no one knows which ones. Washington Beltran is the only person who has taken it upon himself to identify them and the tremendous problems that would follow the approval of this reform, and the presupposed injustice can been immediately seen. For example: There are former employees of ANCAP [National Administration of Fuels, Alcohol, and Portland Cement], of the Ballet Corps, of SODRE [Public Radio, Television, and Entertainment Service], of the former National Meat Packing Plant, and officials who were fired by the de facto government who have a special pension system under the protection of an interpretation that was made into

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law. These individuals would not only lose those benefits; they would also have to return what was paid to them because they will be abrogated retroactively, in other words, because it will be held that those laws never existed. This is something that is materially impossible. Some of them are pensioners and they will stop being pensioners. How will they be able to return to the labor market? There are people who are benefiting from the State Health Insurance System (DISSE); they would also lose their benefits, and it must be taken into account that the state is paying them that benefit. It would have to be returned. All of these facts have not been evaluated; there has been no analysis, and it is a reform that is legally defective regardless of the angle it is viewed from. Every retroactive measure is a psychological measure, above all if it refers to measures pertaining to patrimony. No one would even think of creating a retroactive tax. You cannot tell everyone: You are collecting a pension, but the law that granted it to you has now been abrogated, and as it is a retroactive law, you will have to return all the money that was given to you for the past 10 years. That is just plain crazy, and yet this is what is being done with this reform.

They want the people to make an imprudent jump into thin air, and it will leave a lot of people damaged.

[EL PAIS] Regarding the Inter-American Development Bank's report on the country's economic situation, opposition spokespersons, concretely the Battlista Forum, have increased their criticism of the current administration when they make it responsible for increasing expenditures in an election year, for increasing the fiscal deficit, and for its losing control of inflation. To what extent does this criticism affect the government's credibility, and to what extent does it compromise an eventual election victory of the National Party, particularly of your sector?

[Aguirre] That criticism has no basis, and it is a weapon that is always used in election campaigns. In remarks that were published on 1 November, the economy and finance minister appropriately exposed this truth that I am mentioning. Ignacio de Posadas compared the fiscal deficit that has been forecast for this election year with the fiscal deficit of 1989, when Julio Maria Sanguinetti concluded his mandate with a 7.5 percent deficit of the GDP, and he also compared it with the 1971 election year, when the de facto government concluded with the presidency of Jorge Pacheco Areco, and the deficit surpassed 5 percent. The current deficit amounts to just over 2 percent, and it is a figure that the government can proudly proclaim to the people.

Minister De Posadas also indicated that other countries, including highly developed countries, have deficits that are higher than Uruguay's current deficit. Therefore, all criticism of the government lacks any type of basis, because this government has produced the most reduced fiscal deficits within the past 40 years, as has justly been said by Danilo Astori, who did not have a fiscal deficit in 1992. And, as Minister De Posadas has said, part of the deficit is due to Congress because it has approved expenditures that had not been requested by the executive branch, such as laws authorizing salary increases in this election year, something that is banned by the Constitution, although Congress approved these laws with the intention of resolving conflicts that could have ended up in the courts, as was the case with the university conflict. [passage omitted]

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